

19 Oct 2022

FPT Corporation (FPT)

Resilient earnings growth in 9M22

US and APAC led the growth of Software Outsourcing

- FPT released preliminary 9M22 business results with revenue of VND31tn (+24.1% yoy) and PBT of VND5,7tn (+23.8% yoy), fulfilling 73% and 75% of its 2022 guidance, respectively.
- For 3Q22, the company achieved revenue of VND11.1tn (+27.6% yoy), and VND2.1tn PBT (+31.2% yoy).
- Particularly, technology is still the most important segment with revenue of VND17.7tn (+24.1% yoy) and PBT of VND 2.6tn (+25.7% yoy) in 9M22.
- Global IT services posted revenue of VND 13.5tn (+29.4% yoy) and PBT of VND2.2tn (+27.6% yoy). The growth was contributed by the US (+42.4% yoy) and APAC (+56.4% yoy), and Japan markets (+12% yoy). Revenue proportions by the market of Japan, US, EU, and APAC were 39%/33%/8%, and 20%, respectively.
- FPT recorded many large orders from foreign markets, including 18 projects with a value of over USD5mn, the backlog reached VND16.8tn (+ 42.6% yoy) and towards the one billion USD milestone by the end of this year.
- Especially, Digital Transformation (DX) is a bright spot with revenue of VND5.3tn (+34% yoy), focusing on Cloud, AI/Data Analytics, and Blockchain.
- Domestic IT services achieved revenue of VND4.2tn (+10% yoy) and PBT of VND425bn (+16.6% yoy). In which, Made-by-FPT software reached a revenue of VND658bn (+48.3% yoy) in 9M22.
- Telecom services revenue grew by a double-digit (+16.1%), reaching VND10,2tn, and PBT increased by 21.6% to VND2.2tn in 9M22.
- The education & investment segment continued to see strong growth with revenue of VND2,4tn (+70% yoy) and PBT of VND0.86tn (+24% yoy) in 9M22.

12M rating **Non-rated**

12M TP **N.A**

Up/Downside **N.A**

Stock Data

VNIndex (19 Oct, pt)	1,055
Stock price (19 Oct, VND)	75,700
Market cap (USD mn)	3,386
Shares outstanding (mn)	1,097
52-Week high/low (VND)	95,177/69,628
6M avg. daily turnover (USD mn)	7.69
Free float / Foreign ownership (%)	84.3/49.0
Major shareholders (%)	
Truong Gia Binh	7.05
SCIC	5.83
Macquarie Bank Limited Obu	4.73

Performance

	1M	6M	12M
Absolute (%)	(8.9)	(17.2)	(5.9)
Relative to VNIndex (%p)	3.5	7.1	17.4

Stock price trend



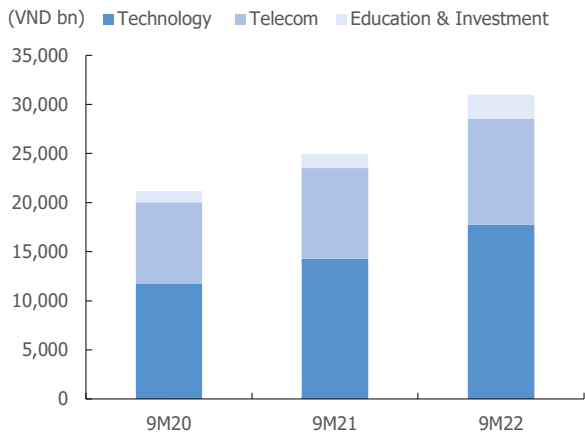
	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	42,659	23,214	27,717	29,830	35,657
chg. (% YoY)	7.9	(45.6)	19.4	7.6	19.5
Operating profit (VND bn)	3,167	3,122	4,147	4,605	5,415
Net profit (VND bn)	2,932	2,620	3,135	3,538	4,337
EPS (VND)	4,981	3,333	4,235	3,992	4,204
chg. (% YoY)	15.0	(33.1)	27.1	(5.7)	5.3
EBITDA (VND bn)	4,206	4,286	5,501	6,095	7,059
PE (x)	19.1	28.6	22.5	23.9	22.7
EV/EBITDA (x)	0.6	1.6	2.6	2.6	2.6
PB (x)	3.8	4.0	3.8	4.0	4.0
ROE (%)	28.6	23.1	24.8	25.0	26.7
Dividend yield (%)	2.6	2.9	2.3	2.5	2.6

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

Hoang Phung

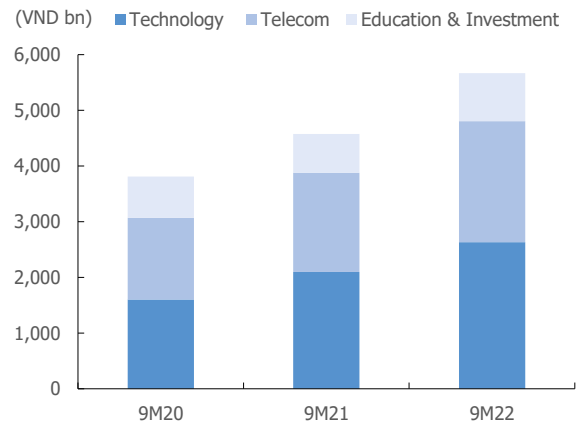
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Figure 1. Technology segment strengthens its position in revenue



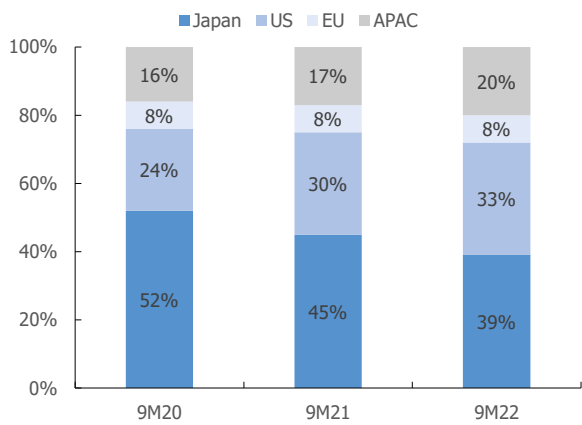
Source: Company data, KIS

Figure 2. Technology segment led the PBT growth in 9M22



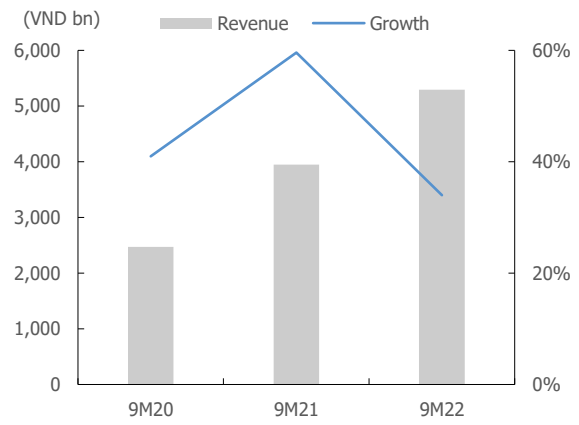
Source: Company data, KIS

Figure 3. US market led the growth of Software Outsourcing



Source: Company data, KIS

Figure 4. Digital Transformation (DX) is the strongest growth engine



Source: Company data, KIS

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