

17 Jan 2023

FPT Corporation (FPT)

QoQ decelerated earnings growth in 4Q22

Technology's PBT margin narrowed QoQ in 4Q22

- FPT released estimated 2022 business results with revenue of VND44.0tn (+23.4% yoy) and PBT of VND7.7tn (+20.8% yoy), completing 104% and 101% of its 2022 guidance, respectively.
- In 4Q22, FPT Group achieved revenue of VND13tn (+21.5% yoy, 17.1% qoq), and VND2.0tn PBT (+13.6% yoy, -2.0% qoq).
- Technology segment contributed a revenue of VND25.5tn (+23.1% yoy) and PBT of VND 3.4tn (+22.2% yoy) in 2022.
- In which, global IT services recorded revenue of VND 18.9tn (+30.2% yoy) and PBT of VND3.0tn (+23.3% yoy). The growth was contributed mainly by the US (+50.0% yoy), APAC (+36.4% yoy), and Japan market (+16.0% yoy, +30% JPY-based revenue growth).
- FPT achieved a robust backlog from global clients which reached VND21.6tn in 2022 (+ 38.9% yoy), including 31 large projects (63% yoy) with a scale of over USD5mn.
- Domestic IT Service reached revenue of VND6.6tn (+6% yoy) and PBT of 434bn (+15.3% yoy). Made-by-FPT products posted VND1.2tn revenue (+ 54.3% yoy) in 2022.
- Digital Transformation (DX) focused on Cloud Computing, Artificial Intelligence/Data Analytics, and is still a growth engine with revenue of VND7.3tn (+33% yoy) in 2022 but lower than the growth rate of 72% in 2021.

Telecom's PBT margin expanded yoy in 2022

- Telecom segment revenue grew by 15.5% yoy, reaching VND14.0tn, and PBT increased by 17.6% yoy to VND2.8tn in 2022, PBT margin expanded by 0.5p% yoy to 18% due to profit growth from PayTV segment.
- The Education & Investment segment keeps a solid growth with revenue of VND4.7tn (+53.0% yoy) and PBT of VND1.4tn (+23.8% yoy) in 2022.

12M rating **Non-rated**

12M TP **N.A**

Up/Downside **N.A**

Stock Data

VNIndex (16 Jan, pt)	1,067
Stock price (16 Jan, VND)	80,800
Market cap (USD mn)	3,782
Shares outstanding (mn)	1,097
52-Week high/low (VND)	95,177/65,900
6M avg. daily turnover (USD mn)	4.40
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 (%)	3.7	(0.6)	11.3
Relative to VNIndex (%p)	2.2	8.4	36.8

Stock price trend



Source: Bloomberg

	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)	16.2	24.2	19.1	20.2	19.2
EV/EBITDA (x)	0.6	1.6	2.6	2.6	2.6
PB (x)	3.2	3.4	3.3	3.4	3.4
ROE (%)	28.6	23.1	24.8	25.0	26.7
Dividend yield (%)	3.1	3.4	2.7	3.0	3.1

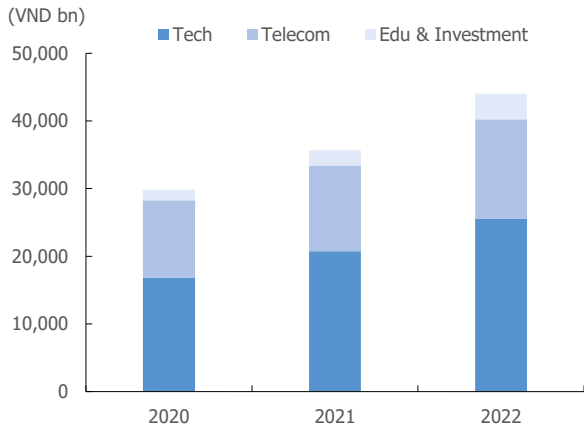
Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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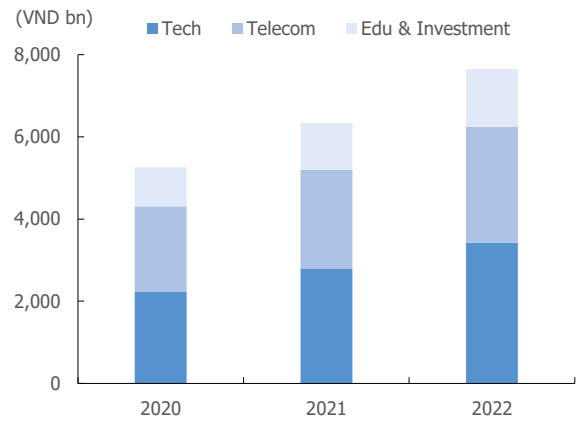
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Figure 1. Technology segment strengthens its position in revenue



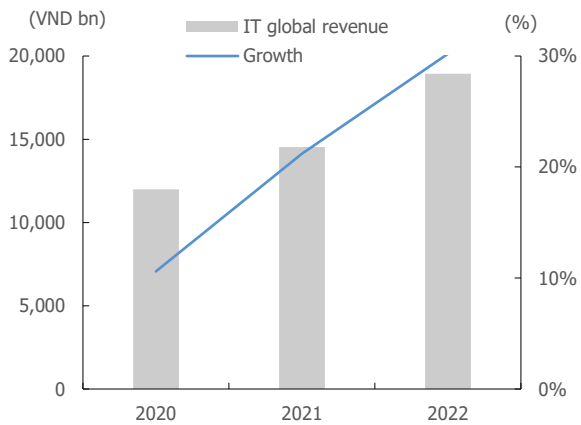
Source: Company data, KIS

Figure 2. Technology segment led the PBT growth



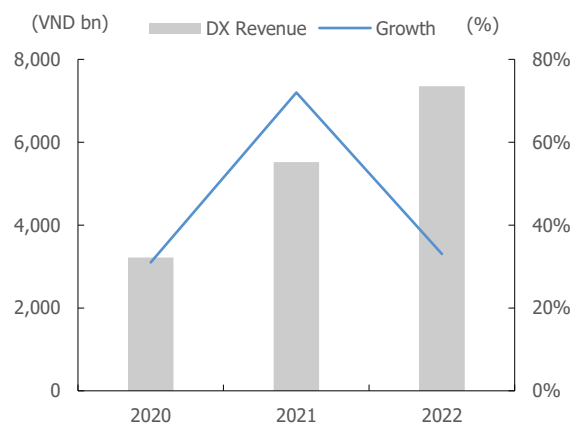
Source: Company data, KIS

Figure 3. Global IT segment revenue keeps a strong growth



Source: Company data, KIS

Figure 4. Digital Transformation (DX) revenue growth rate decelerated in 2022



Source: Company data, KIS

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