

28 Jun 2024

# FPT Corporation (FPT)

## Technology growth slowed down

Recently, FPT released the 2Q25 business performance. Here are some notable updates:

### Technology grew only by a single-digit

- In 2Q25, FPT's revenue grew only by 9.1% yoy to VND16.6tn, which was much slower than the increase of 13.9% yoy in 1Q25 mainly due to the slowdown in technology (figure 01). Specifically:
  - o Technology grew by 7.9% yoy to VND10.4tn in 2Q25, which only equaled to a half of 1Q25 or one third of 4Q24 (figure 02):
    - o Global IT services revenue rose by 8.1% yoy to VND8.1tn, compared to the increase of 17.0% yoy in 1Q25. We think that the current global macroeconomics uncertainties has negatively affected the growth.
    - o Facing global uncertainties, signed revenue also rose only by 6.6% to VND19.9tn, which was slower than the increase of 24.3% yoy in 6M24 (figure 04). As a result, we think that the downward trend in Global IT services revenue growth might not reverse soon (at least in 3Q25F).
    - o Domestic IT services decreased by 1.3% yoy to VND3.5tn.
- Telecom and education & investment's revenue were able to maintain a growth of 12.8% yoy (to VND4.8tn) and 5.9% (to VND1.5tn) due to the stable domestic demand.
- All in all, in 3Q25F, we think that FPT's revenue might not yet return to its strong growing momentum since the ongoing macroeconomics uncertainties would continue to slow down spending on tech / AI projects.

	2020A	2021A	2022A	2023A	2024A
Sales (VND bn)	29,922	35,671	44,023	52,625	62,963
chg. (% YoY)	7.7	19.2	23.4	19.5	19.6
Operating profit (VND bn)	5,191	6,228	7,589	9,112	11,025
Net profit (VND bn)	3,912	4,424	5,349	6,491	9,427
EPS (VND)	4,120	4,349	3,847	4,661	4,944
chg. (% YoY)	-2.4	5.6	-11.5	21.2	6.1
EBITDA (VND bn)	6,095	7,059	8,628	10,738	13,043
PE (x)	19.5	16.7	19.6	30.1	20.7
EV/EBITDA (x)	12.7	12.9	13.3	19.1	13.3
PB (x)	4.4	4.0	5.0	7.8	5.5
ROE (%)	23.8	25.8	27.2	28.1	28.7
Dividend yield (%)	2.3	2.5	0.0	1.6	0.9

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

12M rating **NON-RATED**

12M TP  
Up/Downside

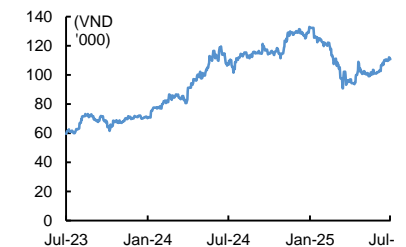
### Stock Data

VNIndex (25 Jun, pt)	1,531
Stock price (25 Jun, VND)	110,700
Market cap (USD mn)	7,217
Shares outstanding (mn)	1,704
52-Week high/low (VND)	133,036/90,617
6M avg. daily turnover (USD mn)	30.68
Free float / Foreign ownership (%)	79.2/40.9
Major shareholders (%)	
Truong Gia Binh	7.0
SCIC	5.8
Qt Company Limited	3.7

### Performance

	1M	6M	12M
Absolute (%)	8.7	(16.2)	1.1
Relative to VNIndex (%p)	(3.5)	(39.5)	(25.6)

### Stock price trend



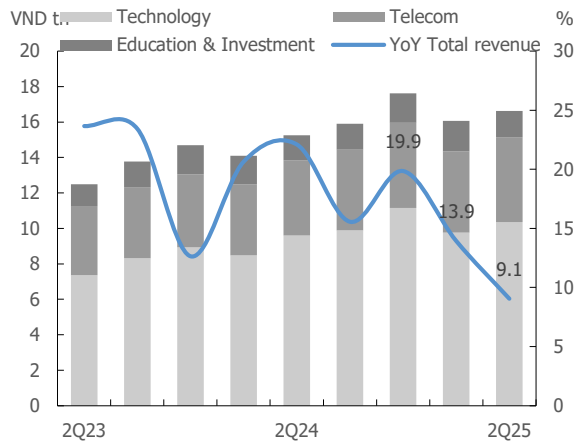
Source: Bloomberg

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## Education & Investment helped to resist PBT / NPAT growth

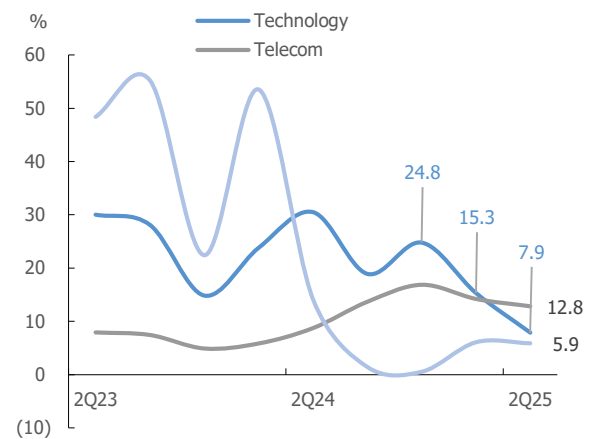
- In 2Q25, FPT's PBT rose by 17.9% yoy to VND3.1tn, which was a bit slower than the increase of 19.4% yoy in 1Q25 thanks to the rise in profit margins of telecom and education segments. Specifically:
  - Technology's PBT grow by 9.3% yoy to VND1.4tn, which was mainly due to the slowdown in revenue growth.
  - In contrast, telecom and education & investment's PBT grew strongly by 21.0% yoy to VND1.1tn and by 36.9% yoy to VND594bn thanks to the expansion of PBT margin (figure 06).
  - Specifically, telecom's PBT margin grew to 23.6% (+2.5%p qoq; +1.6%p yoy) due to higher gross margin (at 50.4%; +2.4%p yoy) and saving on operating expenses, while education and investment's PBT grew to 39.8% (+2.2%p qoq; +9.0%p yoy).
- At the bottom line, FPT posted NPAT of VND2.7tn (+19.8% yoy) in 2Q25.
- In 3Q25F, we think that NPAT would not grow stronger than in 2Q25 (at about 18% - 20% yoy). Specifically:
  - 1) We do not think that PBT from the technology would comeback to a double-digit growth due to a weak signed revenue.
  - 2) We think that telecom and education & investment would continue to mitigate the slowdown in technology, coming from stable domestic demand.

**Figure 1. In 2Q25, FPT's revenue grew only by 9.1% yoy, being much lower than previous quarters ...**



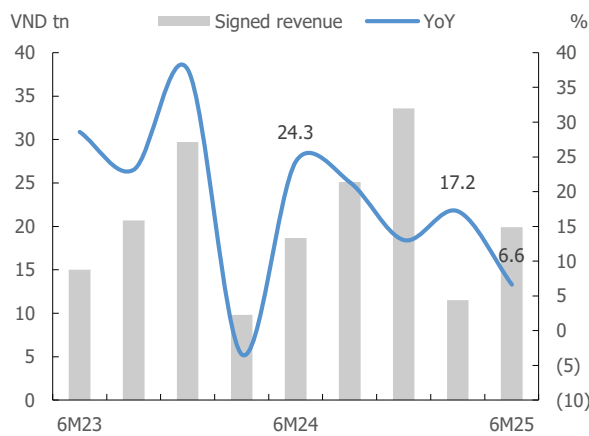
Source: Company Data, KISVN

**Figure 2. ... due to the slowdown in technology (+7.9% yoy) due to macroeconomics uncertainties**



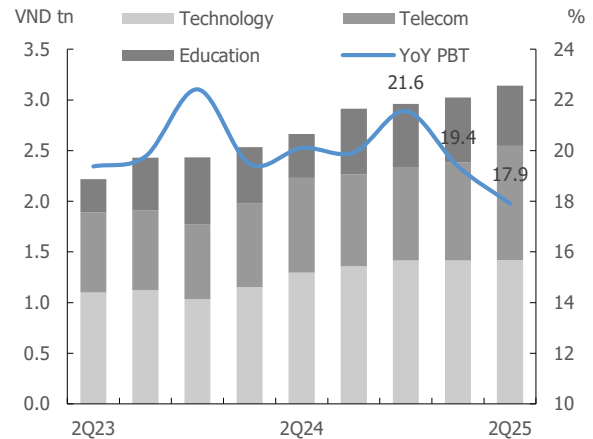
Source: Company Data, KISVN

**Figure 3. Signed revenue only grew by 6.6% in 6M25, which would affect growth in upcoming quarters**



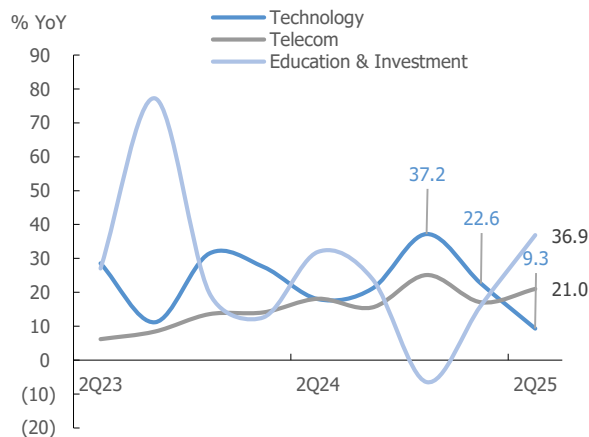
Source: Company Data, KISVN

**Figure 4. In 2Q25, FPT's PBT grew by 17.9% yoy, which was slower than previous quaters but not as much as the revenue slowdown as**



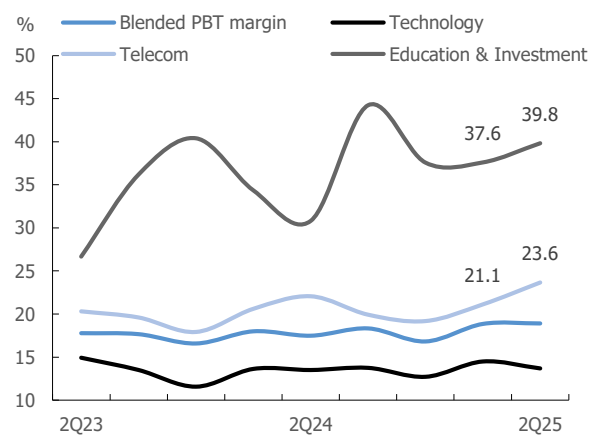
Source: Company Data, KISVN

**Figure 5. Education and Investment's PBT grew by 36.9% in 2Q25, helping to mitigate the slowdown of technology**



Source: Company Data, KISVN

**Figure 6. Telecom and Education and Investment's PBT margin also improved in 2Q25**



Source: Company Data, KISVN

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