

VCSC and its officers, directors and employees may have positions in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment). VCSC may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment.

This report is provided, for information purposes only, to institutional investors and retail clients of VCSC in Vietnam and overseas in accordance to relevant laws and regulations explicit to the country where this report is distributed, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction.

The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient.

PBT 781 961 23% NPAT-MI 509 626 23% Source: FPT and VCSC See important disclosure at the end of this document [www.vcsc.com.vn](http://www.vcsc.com.vn) | VCSC<GO> April 25, 2019 | 3 HOLD 2019 outlook: We expect growth momentum to continue Figure 2: VCSC's 2019 forecasts VND bn 2018 2019F (old) 2019F (new) 2019F vs 2018 VCSC comments on 2019F Revenue 23,214 26,940 27,402 18% Telecom Services 8,293 9,422 9,745 18% \*We project the broadband subscriber base to broaden by 20% YoY (vs 12% in the previous report).

New Zealand: This material is issued and distributed by VCSC in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money.

During 2018-2021F, we project revenue and PBT CAGRs for this segment of 28% and 32%, respectively, backed by capabilities, especially in consulting and Digital Transformation (DT) projects thanks to the acquisition of Intellinet and the recent hire of Mr.

Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made.

Equity rating key Definition BUY If the projected TSR is 20% or higher OUTPERFORM If the projected TSR is between 10% and 20% MARKET PERFORM If the projected TSR is between -10% and 10% UNDERPERFORM If the projected TSR is between -10% and -20% SELL If the projected TSR is -20% or lower NOT RATED The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulation and/or firm policies in certain circumstances, including when VCSC is acting in an advisory capacity in a merger or strategic transaction involving the company.

As such, we revise up our assumption for broadband subscriber CAGR from 11% previously to 15% during 2018-2021F, as FPT is gaining market share on the back of its superior services and competitive pricing.

VCSC does not issue or distribute this material to members of "the public" as determined in accordance with section 3 of the Securities Act 1978.

Japan: There is a risk that a loss may occur due to a change in the price of the shares in the case of share trading, and that a loss may occur due to the exchange rate in the case of foreign share trading.

No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon these materials, the information contained herein or the merits of the securities described herein, and any representation to the contrary is an offence.

Singapore: VCSC and/or its affiliates may have a holding in any of the securities discussed in this report; for securities where the holding is 1% or greater, the specific holding is disclosed in the Important Disclosures section above.

In Q1 2019, SO business saw robust revenue growth across key markets, including 27% in Japan, 79% in the US (39% on a like-for-like basis), 31% in the EU and 35% in APAC, as FPT continued to secure new clients while existing contracts were renewed at higher values.

NPAT 3,228 3,950 3,946 22% NPAT-MI 2,615 3,201 3,236 24% Source: VCSC See important disclosure at the end of this document [www.vcsc.com.vn](http://www.vcsc.com.vn) | VCSC<GO> April 25, 2019 | 4 HOLD Valuation Our valuation for FPT is comprised of five-year DCF (80% weighting) and PER-based sum-of-parts (SoTP, 20% weighting) methods.

Hong Kong: The 1% ownership disclosure as of the previous month end satisfies the requirements under Paragraph 16.5(a) of the Hong Kong Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

2 2.1 Source: Bloomberg, VCSC, \*total revenue, including intra-company transactions See important disclosure at the end of this document [www.vcsc.com.vn](http://www.vcsc.com.vn) | VCSC<GO> April 25, 2019 | 7 HOLD Figure 9: Historical median PER of regional software/telecom peers vs FPT Source: Bloomberg Recommendation History Figure 10: Historical VCSC target prices vs share prices (adjusted for share splits) Source: Bloomberg, VCSC - 5.0 10.0 15.0 20.0 25.0 30.0

	35.0	June-14	June-15	June-16	June-17	June-18	FPT	Software	Telecom	BUY	51,191	BUY	52,348	BUY	60,348	B																																																																														
UY	61,217	BUY	60,957	BUY	63,300	BUY	66,500	BUY	65,000	BUY	65,000	20,000	30,000	40,000	50,000	60,000																																																																														
	70,000	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Market price	Target Price	See important disclosure at the end of this document <a href="http://www.vcsc.com.vn">www.vcsc.com.vn</a>   VCSC<GO> April 25, 2019   8																																																																																	
HOLD	Financial Statements P&L (VND bn) 2018 2019F 2020F 2021F B/S (VND bn) 2018 2019F 2020F 2021F																																																																																													
Revenue	23,214	27,402	32,775	38,458	Cash & equivalents	3,926	3,893	3,541	3,589	COGS	-14,490	-17,105	-20,459	-24,006	ST investment	5,568	5,568	5,568	5,568	Gross Profit	8,723																																																																									
	10,297	12,316	14,452	Accounts receivables	5,561	6,006	7,004	7,902	Sales & Marketing exp	-2,048	-2,202	-2,444	-2,622	Inventories	1,341	1,383	1,654	1,941	General & Admin exp	-3,559	-4,201	-5,025	-5,896																																																																							
Other current assets	1,977	1,977	1,977	1,977	Operating Profit	3,117	3,895	4,848	5,933	Total Current assets	18,373	18,827	19,745	20,977	Financial income	607	611	628	649	Fixed assets, gross	12,567	15,581	19,186	23,417	Financial expenses	-368	-416	-443	-471	- Depreciation	-4,878	-6,248	-7,887	-9,810	- o/w interest expense	-238	-279	-279	-279	Fixed assets, net	7,689	9,333	11,299	13,607	Associates	439	441	520	563	LT investment	2,203	2,527	2,916	3,339	Net other income/(loss)	58	31	41	55	LT assets other	1,461	1,461	1,461	1,461	Profit before Tax	3,852	4,561	5,594	6,729	Total LT assets	11,352	13,322	15,676	18,407	Income Tax	-624	-616	-749	-901	Total Assets	29,726	32,149	35,421	39,384	NPAT before MI	3,228	3,946	4,845	5,828	Minority Interest	-614	-710	-812	-916

Accounts payable 2,511 2,836 3,392 3,980 NPAT less MI, reported 2,615 3,236 4,033 4,912  
Short-term debt 6,603 6,603 6,603 6,603 NPAT less MI, adjusted(1) 2,615 3,236 4,033 4,912 Other  
ST liabilities 5,318 5,318 5,318 5,318 Total current liabilities 14,432 14,757 15,313 15,902 EBITDA  
4,281 5,265 6,486 7,856 Long term debt 367 367 367 367 EPS reported, VND 3,840 4,728 5,864  
7,106 Other LT liabilities 164 164 164 164 EPS adjusted(1), VND 3,840 4,728 5,864 7,106 Total  
Liabilities 14,963 15,288 15,844 16,433 EPS diluted, adj(1), VND 3,840 4,728 5,864 7,106 DPS,  
VND 2,000 2,200 2,530 2,910 Preferred Equity 0 0 0 0 DPS/EPS (%) 52% 47% 43% 41% Paid in  
capital 6,136 6,167 6,198 6,229 (1)Adjusted for one-off items Share premium 49 49 49 49 RATIOS  
2018 2019F 2020F 2021F Retained earnings 5,290 6,647 8,520 10,948 Growth Other equity 986  
986 986 986 Revenue growth -45.6% 18.0% 19.6% 17.3% Minority interest 2,302 3,012 3,823 4,739  
Op profit (EBIT) growth -1.4% 25.0% 24.5% 22.4% Total equity 14,763 16,861 19,577 22,951 PBT  
growth -9.3% 18.4% 22.6% 20.3% Liabilities & equity 29,726 32,149 35,421 39,384 EPS growth,  
adjusted 20.2% 23.1% 24.0% 21.2% Y/E shares out, mn 613.6 616.7 619.8 622.9 Profitability  
Y/E treasury shares, mn 0.1 0.1 0.1 0.1 PBT Margin 16.6% 16.6% 17.1% 17.5% CASH FLOW (VND  
bn) 2018 2019F 2020F 2021F Op Profit, (EBIT) Margin 13.4% 14.2% 14.8% 15.4% Beginning Cash  
Balance 3,481 3,926 3,893 3,541 EBITDA Margin 18.4% 19.2% 19.8% 20.4% Net Income 2,615  
3,236 4,033 4,912 NPAT-MI Margin, adj, 11.3% 11.8% 12.3% 12.8% Dep, & amortization 1,165 1,370  
1,639 1,923 ROE 21.9% 24.6% 27.3% 28.9% Change in Working Cap 130 -162 -713 -597 ROA  
11.8% 12.8% 14.3% 15.6% Other adjustments 148 385 423 493 Cash from Operations 4,058  
4,829 5,382 6,731 Efficiency Days Inventory On Hand 29.5 29.5 29.5 29.5 Capital  
Expenditures, net -2,454 -3,014 -3,605 -4,230 Days Accts, Receivable 83.4 80.0 78.0 75.0  
Investments, net -1,717 0 0 0 Days Accts, Payable 60.5 60.5 60.5 60.5 Cash from Investments -4,170  
-3,014 -3,605 -4,230 Cash Conversion Days 52.4 49.0 47.0 44.0 Dividends Paid -1,708  
-1,878 -2,160 -2,484 Liquidity 27 31 31 31 Current Ratio x 1.3 1.3 1.3 1.3 -198 0 0 0 Quick Ratio x  
1.0 1.0 1.1 1.1 2,486 0 0 0 Cash Ratio x 0.7 0.6 0.6 0.6 Other financing C/F -49 0 0 0 Debt / Assets  
23.4% 21.7% 19.7% 17.7% Cash from Financing 558 -1,848 -2,129 -2,453 Debt / Capital 32.1%  
29.2% 26.3% 23.3% Net Debt / Equity -17.1% -14.8% -10.9% -9.5% Net Change in Cash 446 -33  
-352 48 Interest Coverage x 13.0 14.0 17.4 21.3 Ending Cash Balance 3,926 3,893 3,541 3,589 See  
important disclosure at the end of this document [www.vcsc.com.vn](http://www.vcsc.com.vn) | VCSC<GO> April 25, 2019 | 9  
HOLD VCSC Rating System Stock ratings are set based on projected total shareholder return (TSR),  
defined as (target price current price)/current price + dividend yield, and are not related to market  
performance.

143 See important disclosure at the end of this document [www.vcsc.com.vn](http://www.vcsc.com.vn) | VCSC<GO> April 25,  
2019 | 2 HOLD Q1 2019 recap: Software Outsourcing catapulted earnings Figure 1: FPT's Q1 2019  
results PBT (VND bn) Q1 2018 Q1 2019 YoY VCSC comments Telecom Services 288 315 10%  
\*Number of broadband subscribers advanced by high double digits YoY.

United States: This research report prepared by VCSC is distributed in the United States to Major US  
Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as  
amended) only by Decker&Co, LLC, a broker-dealer registered in the US (registered under Section 15  
of Securities Exchange Act of 1934, as amended).

To the extent that the information contained herein references securities of an issuer incorporated,  
formed or created under the laws of Canada or a province or territory of Canada, any trades in such  
securities must be conducted through a dealer registered in Canada.

See important disclosure at the end of this document [www.vcsc.com.vn](http://www.vcsc.com.vn) | VCSC<GO> April 25, 2019 |  
10 HOLD Disclaimer Analyst Certification of Independence I, Dao Nguyen, hereby certify that the

views expressed in this report accurately reflect my personal views about the subject securities or issuers.

\*We forecast FRT PBT at VND462bn (USD20mn, +6% YoY) as we expect the weakness of new iPhone sales will dampen its margins in 2019.

Canada: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, or solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof.

The recipient of this material must not distribute it to any third party or outside New Zealand without the prior written consent of VCSC.

Telecom Services 1,061 10.0 46% 4,847 30% discount to the average of five-year peer median PER of 14.3x as FPT Telecom only operates in fixed-line broadband (most peers also do mobile broadband) and its scale pales in comparison to peers.

PBT 3,852 4,575 4,561 18% Telecom Services 1,142 1,402 1,326 16% We project a slight PBT margin contraction of 20 bps in 2019 to 13.6% due to higher last-mile costs/revenue % owing to expected strong new subscribers in 2019.

mainly for the expansion of its core businesses, such as new campuses for Software Outsourcing and Education, as well as continued infrastructure upgrades and new investments in data centers for the Telecom business.