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FPT targets its number of students to grow by 40% YoY in 2019 (including FPT University), in line Distribution and Retail: Due to the slowdown of the ICT market in Vietnam, revenue and PBT of FPT Synex (distribution) contracted by 3% and 5% YoY, respectively.

Net sales and net profit attributable to parent shareholders are expected to grow by 19.1% YoY to VND 33.4 tn and 18% YoY to VND 3.89 tn in 2020.

We believe that the key reason for outperformance of the FPT stock price is a consistently strong PBT growth of 22-28% YoY up to 7M 2019, as well as an expected high profit growth of 20% YoY in the next 3 years.

According to Gartner, the global digital transformation market size is USD2tn with annual growth of 16-20% YoY, while the growth rate of other IT services is 4% YoY; and To become a regional IT services company: Targeting software outsourcing revenue of USD1 bn in 2021 (vs.

Its net sales reached VND 12.5 tn (+22.2% YoY), and PBT reached VND 2.14 tn (+26.8% YoY) in 1H19, comprising 47% and 48% of its annual sales and PBT target for the year.

Long-term strategy for software outsourcing: There are 3 key targets, as mentioned below: (1) Increasing productivity -> Increasing profit: FPT targets to double its productivity in the next 5 years to USD50K revenue/staff/year, a CAGR of 16% for 2018-2022; (2) Focus on digital transformation service -> Increase growth and profit margin: FPT targets to be a digital transformation consulting company, from Top 200 in 2019 to Top 100 in 2023 and Top 50 in 2028.

SSI RESEARCH INSTITUTIONAL RESEARCH & INVESTMENT ADVISORY SSI.COM.VN Visit SSI Research on Bloomberg at SSIV<GO> Page 3 In terms of market growth, Japan (54% of outsourcing revenue) recorded sales of VND 2.66 tn (+26.1% YoY), and the US (24% of outsourcing revenue) recorded impressive growth of 86% YoY thanks to a stronger brand reputation/market presence after the acquisition of Intellinet.

We believe the key reason for outperformance of the FPT stock is a consistently strong PBT growth of 22-28% YoY during 7M 2019, with an expected high profit growth of 20% YoY in the next 3 years.

Overall, its 1H19 earnings (+26.8% YoY PBT growth) were much better than market consensus of +20% YoY PBT growth and the Higher-than-expected profit was driven by better-than-forecast growth rates across its software outsourcing export markets and margins connected to the domestic IT services segment (FIS).

1% YoY to VND 33.4 tn and 18% YoY to VND 3.89 tn in 2020.

Earnings revisions for 2019E-2020E: We revise up our earnings estimates on better-than-projected growth of all export markets for software outsourcing and higher-than-expected growth of telecom services to corporations.

Domestic IT services revenue reached VND 2 tn (+8.1% YoY), which is encouraging compared with growth of 2.3% YoY in 2018 due to some contracts booked earlier than expected.

In 2020, we expect FPT to sustain its momentum in 2 key businesses of software outsourcing (+30% revenue growth) and telecom (+15.4% revenue growth).

Earnings revisions for 2019E-2020E We revise up our earnings estimates on better-than-projected growth of all export markets for software outsourcing and higher-than-expected growth of telecom services to its corporate clients.

FPT also targets the growth rate of digital services to reach 40-50%/year, and; (3) To become a regional IT services company: Targeting software outsourcing revenue of USD1 bn in 2021 (vs.

| VNDbn  | Revenue               | PBT                       | PBT margin   | Segments | 6M2018   | 6M2019                    | Growth | 6M2018   | 6M2019 | Growth |
|--------|-----------------------|---------------------------|--|----------|----------|---------------------------|--------|--|--------|--------|
| 6M2018 | 6M2019                | Technology                | 5,457  | 6,964    | 27.6%    | 592                       | 855    | 44.4%  | 10.9%  | 12.3%  |
| 3,578  | 4,932                 | 37.8%                     | 532  | 742      | 39.5%    | 14.9%                     | 15.0%  | System integration, software solutions and IT services |        |        |
| 1,879  | 2,032                 | 8.1%                      | 60   | 113      | 87.9%    | 3.2%                      | 5.6%   | Telecom  | 4,191  | 4,921  |
| 12.6%  | 135                   | 138                       | 2.2%   | 56.1%    | 50.9%    | Education and Investments | 577    | 607  | 5.1%   | 181    |
| 44.8%  | Distribution & Retail | 187                       | 190  | 1.6%     | FPT Corp | 10,225                    | 12,492 | 22.2%  | 1,687  | 2,139  |
| 16.5%  | 17.1%                 | Source: FPT, SSI Research | Its net sales reached VND 12.5 tn (+22.2% YoY) and PBT reached VND 2.14 tn (+26.8% YoY) in 1H19, comprising 47% and 48% of its annual sales and PBT target for the year, respectively. |          |          |                           |        |  |        |        |

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Telecom: Revenue and PBT increased by 17.4% YoY and 13.1% YoY, in line with our expectations.

Technology: Software outsourcing segment remained the key drivenet sales and PBT of VND 4.9 tn (+37.8% YoY) and VND 742 bn (+39.5% YoY).

Thanks to the strategic focus on digital transformation, revenue from this line of service was recorded at VND 1.65 tn (+40.9% YoY), bringing in 34% of total software outsourcing revenue (1H18: 33%).