

Vietnam

ADD (no change)

Consensus ratings*: Buy 13 Hold 0 Sell 0

Current price:	VND51,800
Target price:	VND74,000
Previous target:	VND74,000
Up/downside:	42.9%
CGS-CIMB / Consensus:	-1.0%

Reuters:	FPT.HM
Bloomberg:	FPT VN
Market cap:	US\$1,512m
	VND35,134,712m
Average daily turnover:	US\$3.74m
	VND86,617m
Current shares o/s:	613.6m
Free float:	78.9%

*Source: Bloomberg

Key changes in this note

- FY20F EPS decreased by 0.3%.
- FY21F EPS decreased by 0.4%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-10.1	-13.5	33.8
Relative (%)	-6.4	-4.4	31.6

Major shareholders	% held
Truong Gia Binh	7.1
Vietnam SCIC	5.9
Red River Holding	4.5

Analyst(s)



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FPT Corporation

FY19 earnings growth on track

- FPT's net revenue rose 16.8% yoy and net profit rose 4.3% yoy in 4Q19.
- Net revenue rose 19.4% yoy in FY19. Net profit increased 14.1% yoy to VND3,912bn and was in line at 97.6% of our FY19F.
- We reiterate our Add call with an SOP-based TP of VND74,000.

4Q19 net profit growth hit by affiliates' losses

FPT's net revenue rose 16.8% yoy to VND8,120bn in 4Q19. However, net profit increased by only 4.3% yoy to VND972bn due to VND26bn losses at its affiliate FPR Retail (FRT VN, Non rated) and VND12bn losses at FPT Securities (FTS VN, Non rated) in 4Q19. Furthermore, there was a high base in 4Q18 due to the c.VND100bn reversal of provision for investment in Tien Phong Bank (TPB VN, Non rated).

FY19 results in line with our expectations

Net revenue rose 19.4% yoy to VND27,717bn in FY19. Net profit increased by 21.0% yoy to VND3,912bn, in line at 97.6% of our full-year forecast. Blended GPM widened 1.1% to 38.6% in FY19 due to a lower proportion of hardware revenue with low margin, and higher revenue contribution from the telecom services segment which earns a high margin.

Technology and education to drive revenue growth in 2020F

We expect the technology segment's revenue to rise 20.4% yoy to VND19,010bn in FY20F on the back of increasing global and domestic demand for digital transformation. Meanwhile, we estimate telecom segment revenue to increase 9.3% yoy in FY20F. We expect education segment revenue to rise 15.7% yoy in FY20F thanks to rising demand for information technology training.

Reiterate Add with a TP of VND74,000

We reiterate our Add call with an SOP-based TP, with a P/E-based multiple approach for its three main business segments. We fine-tune our forecasts for housekeeping purposes. FPT's share price lost 10.3% in the past one week due to coronavirus (nCoV) stock market sell-off. We believe that share prices will recover when investor sentiment improves along with better control of the disease. In our view, FPT's business operation is not directly affected by the virus outbreak.

Re-rating catalysts and downside risks

Potential re-rating catalysts are expansionary government fiscal policy, the divestment of State Capital Investment Corporation (SCIC) and a successful M&A deal with an overseas technology company. Downside risks include a loss of market share due to competition and higher labour costs.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (VNDb)	23,214	27,717	32,452	37,570	43,292
Operating EBITDA (VNDb)	4,286	5,462	6,566	7,863	9,359
Net Profit (VNDb)	2,620	3,135	3,828	4,527	5,338
Core EPS (VND)	4,578	4,854	5,375	5,778	6,194
Core EPS Growth	(22.7%)	6.0%	10.7%	7.5%	7.2%
FD Core P/E (x)	11.31	10.67	9.64	8.96	8.36
DPS (VND)	2,500	2,000	2,000	2,000	2,000
Dividend Yield	4.83%	3.86%	3.86%	3.86%	3.86%
EV/EBITDA (x)	6.35	5.75	5.18	4.60	4.07
P/FCFE (x)	13.94	19.25	14.08	11.33	9.61
Net Gearing	(17.1%)	(14.0%)	(16.8%)	(21.3%)	(26.2%)
P/BV (x)	2.55	2.50	2.28	2.08	1.90
ROE	21.9%	23.7%	24.7%	24.2%	23.7%
% Change In Core EPS Estimates			(0.310%)	(0.376%)	(0.412%)
CGS-CIMB/Consensus EPS (x)			0.96	0.93	0.85

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

FY19 earnings growth on track

FY19 review: In line with our expectations despite low bottomline growth in 4Q19

4Q19 results: Strong sales, but weak net profit growth ➤

FPT's net revenue rose 16.8% yoy to VND8,120bn in 4Q19. However, net profit increased by only 4.3% yoy to VND972bn due to VND26bn losses at its affiliate FPT Retail (FRT VN, Non rated) and VND12bn losses at FPT Securities (FIS VN, Non rated). Furthermore, there was a high base in 4Q18 due to the c.VND100bn reversal of provision for investment in Tien Phong Bank (TPB VN, Non rated).

Figure 1: Results comparison

FYE Dec (VNDbn)	4Q19	4Q18	yoy %	qoq %	FY19	FY18	yoy % vs. forecast	Comments
			chg	chg			chg	
Net revenue	8,120	6,952	16.8%	14.3%	27,717	23,214	19.4%	99.9%
Technology					15,783	13,401	17.8%	99.0%
Telecom					10,398	8,831	17.7%	103.3%
Education & Others					1,792	1,376	30.2%	102.4%
Consolidated adjustment					(257)	(395)		
Gross profit	3,071	2,571	19.4%	10.4%	10,711	8,723	22.8%	99.9%
Gross profit margin	37.8%	37.0%	+0.8% pts	-1.3% pts	38.6%	37.6%	+1.1% pts	0.0%
SG&A expenses	(2,036)	(1,723)	18.2%	28.1%	(6,593)	(5,601)	17.7%	99.4%
Operating profit	1,136	1,092	4.0%	-15.7%	4,118	3,122	31.9%	100.7%
Pre-tax profit	1,157	1,120	3.3%	-15.4%	4,665	3,858	20.9%	97.0%
Net profit	972	932	4.3%	-16.2%	3,912	3,234	21.0%	97.6%

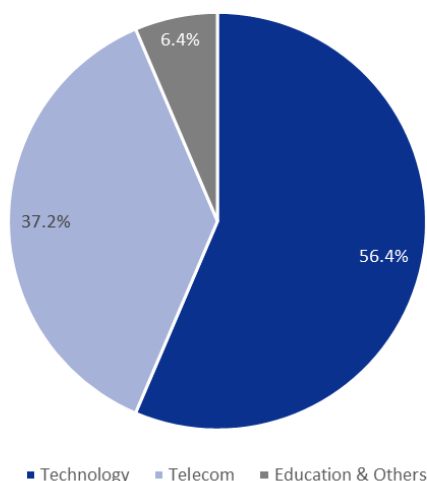
Lower-than-expected results from FPT's affiliates - VND26bn losses at FPT Retail (FRT) and VND12bn losses at FPT Securities (FIS) in 4Q19.

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

FY19 results: in line with our expectations ➤

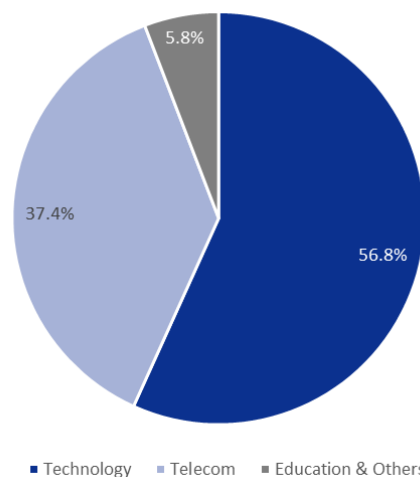
Net revenue rose 19.4% yoy to VND27,717bn in FY19, beating FPT's target by 4.0%. Net profit increased by 21.0% yoy to VND3,912bn, beating FPT's target by 4.5% and in line at 97.6% of our full-year forecast.

Figure 2: Revenue by sector in 2019



SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 3: Revenue by sector in 2018



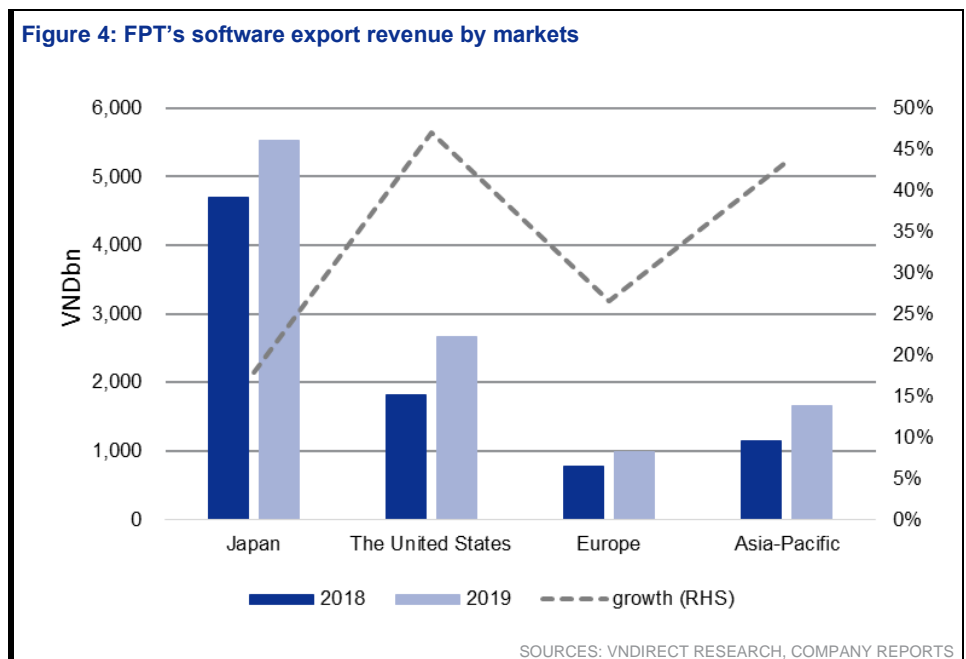
SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

The technology segment contributed 56.4% of total revenue in FY19 (FY18: 56.8%). Telecommunications revenue accounted for 37.2% of total revenue in

FY19 (FY18: 37.4%). The remaining 6.4% came from education and other sectors.

- In 2019, revenue from IT services in overseas markets increased 28.5% yoy, accounting for 68.7% of technology revenue, in line with our projection. The US and APAC markets delivered an outstanding performance with revenue growing 47% and 43% yoy, respectively. Excluding US technology company Intellinet's results, the US market's revenue climbed 46% yoy thanks to increasing sales from existing customers as well as FPT's improving position in the US after Intellinet acquisition. Furthermore, Japan's revenue growth slowed as FPT switches its focus from small projects to big projects. Technology revenue from domestic market was flat, while pre-tax profit jumped 57.3% thanks to a decrease in hardware revenue which earns low margins.

Figure 4: FPT's software export revenue by markets



- Telecom services revenue increased 18.0% yoy, accounting for 94.1% of the telecom segment's revenue and fulfilling 103.1% of our expectation, while the segment's pre-tax profit jumped 30.2% yoy after the contribution rate of the Vietnam Public Utility Telecommunication Service fund was reduced to 0.7% from 1.5% since Jul 2018. Online advertising revenue rose 13.2% yoy, accounting for only 5.9% of the segment's sales.
- In 2019, FPT Educational system had c.50,000 students, an increase of 40% yoy. Education & others' revenue reached VND1,792bn (+30.2% yoy), fulfilling 102.4% of our forecast.

2020 outlook: Technology remains a driving force, telecom grows steadily

We are positive on FPT's 2020 outlook. We expect the technology segment revenue to rise 20.4% yoy to VND19,010bn in FY20F and exceed US\$1bn (c.VND23,200bn) by FY22F, thanks to the digital transformation business line. We estimate telecom segment revenue to rise 9.3% yoy in FY20F. We project FPT's overall net profit to increase by 22.1% yoy in FY 20F.

We believe FPT's GPM should continue to improve on the back of higher proportion of digital transformation business line in technology revenue. For FY20F, Dx (Digital transformation) revenue is expected to rise to VND4,416bn, contributing more than 23% of technology revenue and roughly 14% of FPT's total revenue, based on our estimates. We expect FPT's blended GPM to gain 0.4% to 39.0% in FY20F.

Figure 5: Detailed forecast of FPT performance for FY20-23F

VNDbn	2018	2019	2020F	2021F	2022F	2023F
Net revenue	23,214	27,717	32,452	37,570	43,292	49,823
%yoy	-45.6%	19.4%	17.1%	15.8%	15.2%	15.1%
Technology	13,401	15,942	19,010	22,433	26,441	31,080
%yoy	20.9%	19.0%	20.4%	18.0%	17.9%	17.5%
Telecom	8,831	10,065	11,368	12,728	14,129	15,684
%yoy	15.4%	14.0%	9.3%	12.0%	11.0%	11.0%
Education % others	1,376	1,750	2,073	2,408	2,722	3,059
%yoy	31.8%	27.2%	15.7%	16.2%	13.0%	12.4%
Gross profit	8,723	10,711	12,662	14,819	17,283	20,149
Blended GPM	37.6%	38.6%	39.0%	39.4%	39.9%	40.4%
SG&A	5,601	6,593	7,736	8,956	10,320	11,877
as % of revenue	24.1%	23.8%	23.8%	23.8%	23.8%	23.8%
Pre-tax profit	3,858	4,665	5,686	6,725	7,929	9,346
Profit after tax	3,234	3,912	4,768	5,639	6,649	7,837
Minority interest	614	776	940	1,112	1,311	1,545
Net profit	2,620	3,135	3,828	4,527	5,338	6,292
%yoy	-10.6%	19.7%	22.1%	18.3%	17.9%	17.9%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 6: Changes in our forecasts

(VND bn)	Old forecast		New forecast		The different between new and old forecasts		Comments
	FY20F	FY21F	FY20F	FY21F	FY20F	FY21F	
Revenue	32,452	37,570	32,452	37,570	0.0%	0.0%	
Gross profit	12,662	14,819	12,662	14,819	0.0%	0.0%	
Operating profit	4,906	5,840	4,925	5,863	0.4%	0.4%	
EBT	5,729	6,779	5,686	6,725	-0.7%	-0.8%	Lower financial income due to higher increase of debt
Profit after tax	4,775	5,651	4,768	5,639	-0.1%	-0.2%	
Net profit	3,841	4,545	3,828	4,527	-0.3%	-0.4%	
EPS	5,662	6,670	5,643	6,674	-0.3%	0.1%	

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

We reiterate our Add call with an SOP-based TP of VND74,000 due to insignificant changes in our new forecasts. Our valuation is based on the sum-of-parts methodology, with P/E-based multiple approach for its three main business segments. Our valuation is derived from the regional FY20F P/E average corresponding to each segment. We apply a 15% discount to technology and telecom peers' median P/E due to the difference in interest rates between Vietnam and other observed countries (e.g. India, the Philippines, Thailand).

Figure 7: Sum-of-parts valuation

VND bn	NP 2020F	P/E	Equity value	FPT's Ownership	Valuation
Technology	2,527	13.2	33,358	100%	33,358
Telecommunication	1,551	12.5	19,386	46%	8,895
Education	690	11.5	7,940	100%	7,940
Total					50,193
Outstanding shares					678,358,688
Value per share (VND/share)					73,992
Target price (rounded) (VND/share)					74,000

SOURCES: VNDIRECT RESEARCH ESTIMATES

Figure 8: Peer comparison

Company	Bloomberg Ticker	Recom.	Share Price (local curr)	Target Price (local curr)	Market Cap (US\$m)	P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA		Dividend Yield (%)	
						FY20F	FY21F		FY20F	FY21F	FY20F	FY21F	FY20F	FY21F	FY20F	FY21F
FPT CORP	FPT VN	ADD	51,800	74,000	1,511.8	9.6	9.0	14.2	2.3	2.1	24.7	24.2	5.2	4.6	3.9	3.9
Telecom																
TELSTRA CORP	TLS AU	ADD	3.82	4.46	30,548.7	15.8	16.4	0.2	2.9	2.8	19.2	17.4	6.9	6.9	0.0	0.0
TELEKOMUNIKASI	TLKM IJ	HOLD	3,760	4,250	27,158.1	15.5	13.8	14.2	3.3	3.1	22.2	23.2	6.0	5.5	4.8	5.5
MAXIS BHD	MAXIS MK	REDUCE	5.44	4.90	10,350.0	27.7	27.1	(4.2)	6.0	6.0	21.6	22.1	13.3	13.0	3.7	3.7
INTOUCH HOLDINGS	INTUCH TB	ADD	55.75	68.90	5,779.1	14.2	13.8	4.0	4.6	4.3	33.9	32.1	11.1	10.6	5.3	5.8
GLOBE TELECOM	GLO PM	HOLD	1,930	2,060	5,063.5	14.2	N/A	3.1	3.1	N/A	22.9	N/A	6.1	N/A	0.1	N/A
PLDT INC	TEL PM	ADD	1,020	1,780	4,340.3	8.7	8.3	(3.4)	1.9	2.0	20.8	22.2	4.2	3.9	6.9	7.2
Average						16.0	15.9	2.3	3.6	3.6	23.4	23.4	7.9	8.0	3.5	4.4
Median						14.9	13.8	1.7	3.2	3.1	21.9	22.2	6.5	6.9	4.3	5.5
Software & IT Services																
INFOSYS LTD	INFO IN	ADD	787.9	840	47,075.1	20.3	18.3	10.0	5.2	4.8	25.5	27.1	13.6	12.0	2.9	3.5
WIPRO LTD	WPRO IN	ADD	240.3	282	19,258.2	14.2	13.1	9.4	2.5	2.2	17.6	17.7	9.3	8.1	1.1	2.9
HCL TECH LTD	HCLT IN	ADD	586.5	680	22,331.1	14.8	13.4	8.7	3.1	2.8	23.3	22.1	9.1	8.3	3.0	3.3
TECH MAHINDRA LT	TECHM IN	ADD	811.1	890	10,985.7	16.4	14.5	9.2	3.3	3.0	20.7	21.7	10.7	8.9	3.4	3.9
L&T INFOTECH LTD	LTI IN	ADD	1,940.7	2,175	4,738.6	22.6	19.3	10.5	5.9	4.9	28.1	27.8	15.6	13.2	1.5	1.8
HEXWARE TECHNOL	HEXW IN	ADD	371.5	410	1,555.1	15.1	13.7	11.5	3.7	3.2	26.1	25.0	10.8	9.4	2.5	2.8
NIIT LTD	NIIT IN	REDUCE	1,922.6	1,740	1,685.2	25.8	21.6	15.5	4.9	4.6	20.3	22.0	15.6	13.0	1.0	2.3
CYIENT LTD	CYL IN	ADD	481.2	600	742.5	12.2	10.2	5.3	1.9	1.7	16.3	17.7	7.3	5.8	2.9	3.5
MPHASIS LTD	MPHL IN	HOLD	913.4	945	2,389.3	15.0	13.6	8.8	3.0	2.8	20.7	21.3	9.4	8.4	4.0	4.4
MINDTREE LTD	MTCL IN	HOLD	907.6	915	2,095.7	23.6	16.9	10.6	4.4	3.8	19.0	24.4	12.8	9.8	1.9	2.8
L&T TECHNOLOGY S	LTTS IN	HOLD	1,691.0	1,680	2,475.7	21.6	19.1	11.3	5.9	4.9	29.8	28.0	14.7	12.8	1.4	1.6
Average						18.3	15.8	10.1	4.0	3.5	22.5	23.2	11.7	10.0	2.3	3.0
Median						16.4	14.5	10.0	3.7	3.2	20.7	22.1	10.8	9.4	2.5	2.9

SOURCES: VNDIRECT RESEARCH, BLOOMBERG
DATA AS AT 04 FEB 2020

RISKS AND CATALYSTS

Downside risks ►

- Fierce competition from Chinese and Indian peers in overseas markets and from domestic Internet service providers in the telecom segment.

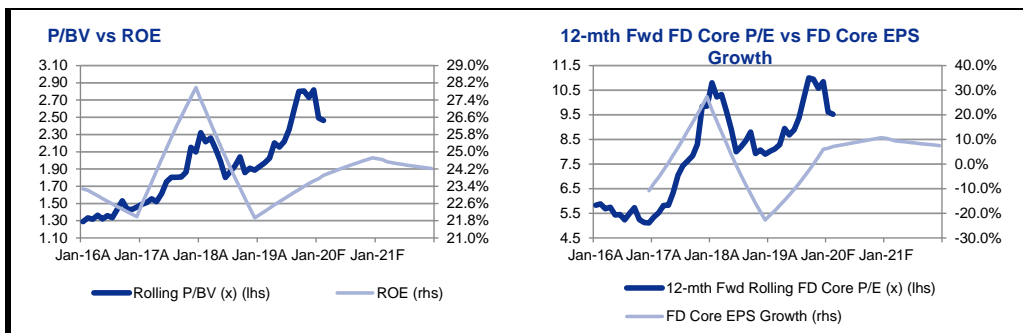
In the global market, India is generally the first IT outsourcing destination for businesses given it has a mature software industry with a large number of skillful IT specialists. As such, we predict that India will continue to be a favourite destination for IT outsourcing. Meanwhile, China's strengths are low costs and productive labour, in our view. We believe that competition from these two countries is a big challenge for FPT in terms of its ability to gain global market share.

Domestically, we believe fierce competition from two large state-owned carriers – Viettel (Unlisted) and VNPT (Unlisted) is a concern for FPT in the telecom segment. In order to compete, FPT needs to boost spending on upgrading infrastructure to expand its penetration, which would lead to rising investment costs.
- Shortage of IT personnel and increase in labour costs are also potential risks for FPT, in our view. According to a survey by Navigos Group (Unlisted) – the leading recruiting service in Vietnam since 2002, in FY16-18, the number of IT jobs in Vietnam had increased 47% p.a. on average. However, the number of employees in this industry only increased by an average of 8% p.a. The rapid rise in demand for IT professionals has boosted the salary of IT employees, in our view. We believe this could partly affect FPT because the outsourcing sector is labour-intensive, hence, a significant increase in labour costs may affect its operating costs.

Potential re-rating catalysts ►

- Divestment by the State Capital Investment Corporation (SCIC): FPT is on the list of 108 businesses that SCIC plans to dispose of in FY20F. SCIC currently holds a 5.9% stake in FPT. Divestments by SCIC tend to catch investors' attention and we believe it may become a catalyst for FPT's share price when SCIC auctions the shares.
- FPT is focusing on M&A to expand its brand and customer base overseas. FPT is considering M&As in either the UK, Singapore or the Middle East which use digital transformation extensively, translating into great potential for the company, in our view. A successful M&A deal will help FPT to increase market share in the host country.
- In FY19, 31.3% of FPT's technology revenue came from the domestic market, where FPT IS (Unlisted) is implementing many government technology projects. Thus, we think that if the government of Vietnam implements an expansionary fiscal policy from FY20F onwards, it may be a catalyst for FPT IS's revenue to grow.

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	23,214	27,717	32,452	37,570	43,292
Gross Profit	8,723	10,711	12,662	14,819	17,283
Operating EBITDA	4,286	5,462	6,566	7,863	9,359
Depreciation And Amortisation	(1,165)	(1,344)	(1,641)	(2,000)	(2,396)
Operating EBIT	3,122	4,118	4,925	5,863	6,963
Financial Income/(Expense)	234	114	185	232	274
Pretax Income/(Loss) from Assoc.	439	405	534	579	631
Non-Operating Income/(Expense)	63	28	42	51	62
Profit Before Tax (pre-EI)	3,858	4,665	5,686	6,725	7,929
Exceptional Items					
Pre-tax Profit	3,858	4,665	5,686	6,725	7,929
Taxation	(624)	(753)	(918)	(1,086)	(1,280)
Exceptional Income - post-tax					
Profit After Tax	3,234	3,912	4,768	5,639	6,649
Minority Interests	(614)	(776)	(940)	(1,112)	(1,311)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	2,620	3,135	3,828	4,527	5,338
Recurring Net Profit	2,620	3,135	3,828	4,527	5,338
Fully Diluted Recurring Net Profit	2,620	3,135	3,828	4,527	5,338

Cash Flow

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	4,286	5,462	6,566	7,863	9,359
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(111)	(566)	(79)	37	37
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(183)	25	489	524	570
Other Operating Cashflow	(178)	(197)	13	18	23
Net Interest (Paid)/Received	204	155	214	266	313
Tax Paid	(430)	(723)	(918)	(1,086)	(1,280)
Cashflow From Operations	3,588	4,157	6,285	7,622	9,022
Capex	(2,454)	(2,713)	(3,349)	(3,739)	(4,169)
Disposals Of FAs/subsidiaries	1	(1)	0	0	0
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(1,244)	91	(1,102)	(1,167)	(1,159)
Cash Flow From Investing	(3,697)	(2,623)	(4,451)	(4,906)	(5,329)
Debt Raised/(repaid)	2,235	205	787	865	952
Proceeds From Issue Of Shares	27	32	0	0	0
Shares Repurchased	0	(0)	0	0	0
Dividends Paid	(1,708)	(2,238)	(1,865)	(2,052)	(2,257)
Preferred Dividends					
Other Financing Cashflow	0	0	0	0	0
Cash Flow From Financing	553	(2,002)	(1,079)	(1,187)	(1,305)
Total Cash Generated	445	(468)	755	1,529	2,388
Free Cashflow To Equity	2,126	1,738	2,621	3,581	4,645
Free Cashflow To Firm	130	1,900	2,251	3,174	4,198

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	9,494	10,236	12,093	14,788	18,336
Total Debtors	6,174	6,088	7,206	8,343	9,613
Inventories	1,341	1,284	1,532	1,761	2,013
Total Other Current Assets	1,397	1,430	1,864	1,987	2,289
Total Current Assets	18,406	19,038	22,695	26,879	32,252
Fixed Assets	5,210	6,297	7,824	9,342	10,853
Total Investments	2,202	2,497	2,973	3,488	4,049
Intangible Assets	1,630	1,420	1,131	1,068	1,003
Total Other Non-Current Assets	2,309	4,407	4,879	5,634	6,487
Total Non-current Assets	11,351	14,621	16,807	19,532	22,392
Short-term Debt	6,599	7,516	8,268	9,094	10,004
Current Portion of Long-Term Debt					
Total Creditors	4,958	5,094	5,923	6,819	7,807
Other Current Liabilities	2,894	3,681	4,288	5,072	6,131
Total Current Liabilities	14,451	16,291	18,479	20,985	23,942
Total Long-term Debt	367	350	385	423	466
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	164	143	175	202	231
Total Non-current Liabilities	531	493	560	625	697
Total Provisions	0	0	0	0	0
Total Liabilities	14,982	16,784	19,040	21,610	24,639
Shareholders' Equity	12,473	14,040	16,938	20,446	24,657
Minority Interests	2,302	2,835	3,525	4,354	5,348
Total Equity	14,775	16,875	20,462	24,800	30,004

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	(45.6%)	19.4%	17.1%	15.8%	15.2%
Operating EBITDA Growth	1.9%	27.4%	20.2%	19.7%	19.0%
Operating EBITDA Margin	18.5%	19.7%	20.2%	20.9%	21.6%
Net Cash Per Share (VND)	4,121	3,493	4,611	6,421	8,713
BVPS (VND)	20,327	20,697	22,699	24,910	27,309
Gross Interest Cover	13.10	11.24	11.83	12.80	13.82
Effective Tax Rate	16.2%	16.1%	16.1%	16.1%	16.1%
Net Dividend Payout Ratio	58.5%	43.3%	39.0%	36.3%	33.8%
Accounts Receivables Days	79.83	70.29	65.95	66.20	66.35
Inventory Days	29.73	28.17	26.04	26.42	26.48
Accounts Payables Days	60.32	55.68	52.71	52.10	52.23
ROIC (%)	37.3%	40.3%	40.5%	41.2%	42.9%
ROCE (%)	18.0%	20.0%	20.6%	20.8%	20.8%
Return On Average Assets	11.0%	12.0%	12.5%	12.6%	12.6%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Rev. growth (% , main biz.)	20.9%	19.0%	20.4%	18.0%	17.9%
EBITDA mgns (% , main biz.)	N/A	N/A	N/A	N/A	N/A
Rev. as % of total (main biz.)	57.7%	57.4%	58.6%	59.7%	61.1%
EBITDA as % of total (main biz.)	N/A	N/A	N/A	N/A	N/A
Rev. growth (% , 2ndary biz.)	15.4%	14.0%	9.3%	12.0%	11.0%
EBITDA mgns (% , 2ndary biz.)	N/A	N/A	N/A	N/A	N/A
Rev. as % of total (2ndary biz.)	38.0%	36.3%	35.0%	33.9%	32.6%
EBITDA as % of total (2ndary biz.)	N/A	N/A	N/A	N/A	N/A
Rev. growth (% , tertiary biz.)	31.8%	27.2%	15.7%	16.2%	13.0%
EBITDA mgns (% , tertiary biz.)	N/A	N/A	N/A	N/A	N/A
Rev.as % of total (tertiary biz.)	5.9%	6.3%	6.4%	6.4%	6.3%
EBITDA as % of total (tertiary biz.)	N/A	N/A	N/A	N/A	N/A

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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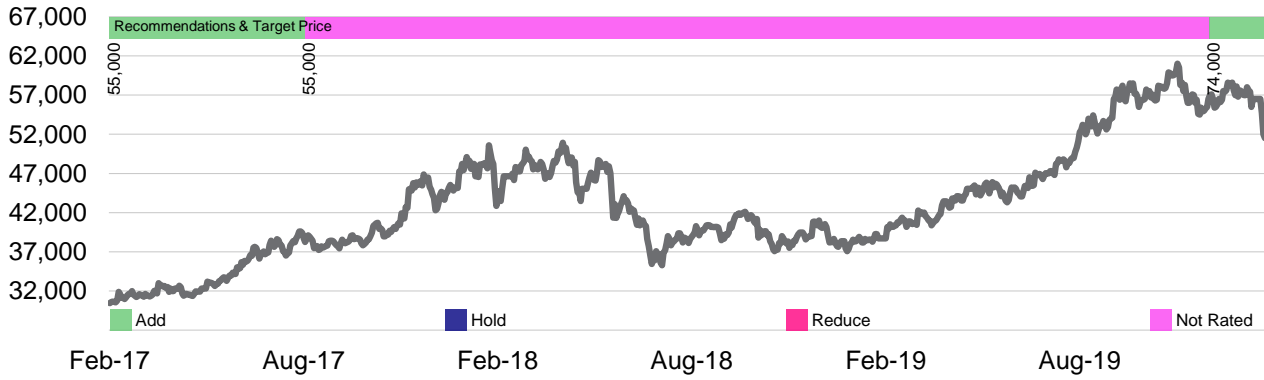
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2019		
798 companies under coverage for quarter ended on 31 December 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	61.4%	0.0%
Hold	25.2%	0.0%
Reduce	13.4%	0.0%

Spitzer Chart for stock being researched (2 year data)

FPT Corporation (FPT VN)

— Price Close



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BPCG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TNR** – Very Good, Certified, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI) .

RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the:(i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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