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Information Technology & Logistics Analyst  
Nguyen Anh Tung  
tungna@kbsec.com.vn

# Nov performance (FPT:HSX)

## Full-year targets reached a month early

### FPT completes full-year pre-tax profit target by November

— Accumulated pre-tax profit reached VND4,439 billion (+24.3% YoY) in November according to the monthly performance update released on December 16. For the same period, FPT reported sales at VND24,533 billion (+19.7% YoY) and a pre-tax margin of 18.1% (up 70 bps). With November performance, management completes 92% and 99% of their sales & pre-tax profit target for the year.

### Overall industry trends should continue with IT being the main growth engine in 2020 and telecoms slowing down

— FPT's performance reflects current industry trends and we believe December performance results should be similar. Software exports should continue to drive 25% growth for the IT sector, while intensifying competition and saturation in the big cities will likely slow growth in the telecoms sector to below 15%

### Software exports boost pre-tax profit for the technology sector by 34.9% YoY

— November revenue for the IT sector was VND1,474 billion (+16.2% YoY) and pre-tax profit was VND188 billion (+1.1% YoY), while accumulated revenue was VND1,474 billion (+16.2% YoY) and pre-tax profit was VND1,895 billion (+1.1% YoY)

— Software exports saw a strong growth in November, with VND1,036 billion in revenue (+32% YoY) and VND187 billion (+37.5% YoY) in pre-tax profit. Accumulated revenue rose by 31.5% YoY and pre-tax profit grew by 35.8% YoY. Meanwhile, the domestic IT sector was unstable and November revenue fell by 9.4% YoY to VND438 billion and pre-tax profit plunged by 98% YoY to only VND1 billion. On an accumulated basis, domestic IT revenue reached VND3,981 billion (+6.3% YoY) and the pre-tax profit margin improved to 6.8% from 5.5% as the shift to software from hardware led to a 29.8% boost to pre-tax earnings of VND270 billion.

### Pre-tax profit of the telecoms sector rose by 16.4% largely due to telecoms services

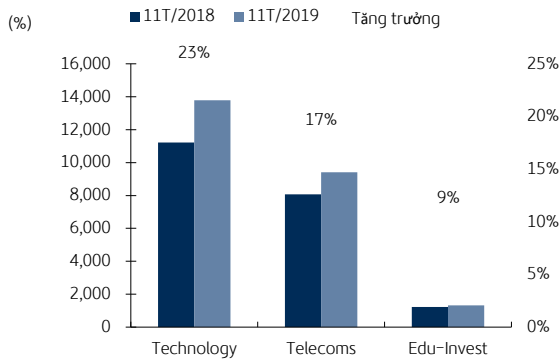
— Telecoms revenue in November was VND983 billion (+19.3% YoY) and pre-tax earnings were VND172 billion (+23.7% YoY), while accumulated revenue reached VND8,062 billion (+16.7% YoY) and pre-tax profit was VND1,403 billion (+16.4% YoY).

— Telecoms services recorded positive business results in November with revenue increasing by 19.8% YoY and pre-tax profit up by 42.9% YoY. Accumulated revenue of this segment hit VND8,869 billion (+17% YoY) and pre-tax profit was VND1,112 billion (+21.4% YoY). Advertising services revenue rose 12.4% YoY and pre-tax profit dipped by 2.7% YoY.

### Pre-tax profit of Education & Investment likely rose by 19.4% YoY

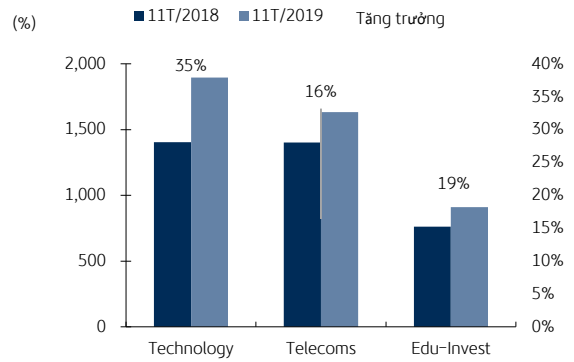
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Fig 1. Revenue growth of FPT business sectors in 11M2019



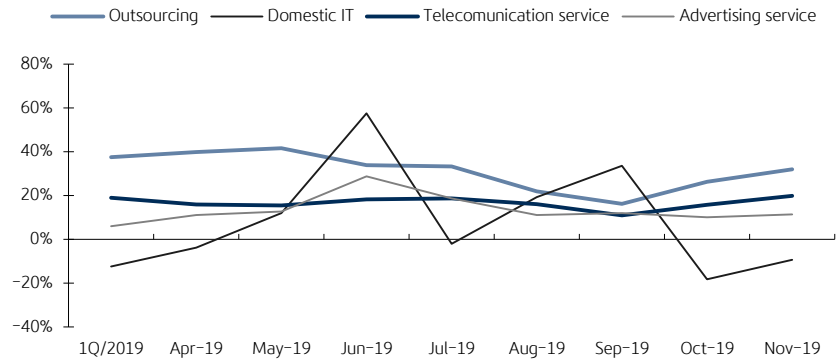
Source: FPT

Fig 2. EBT growth of FPT business sectors in 11M2019



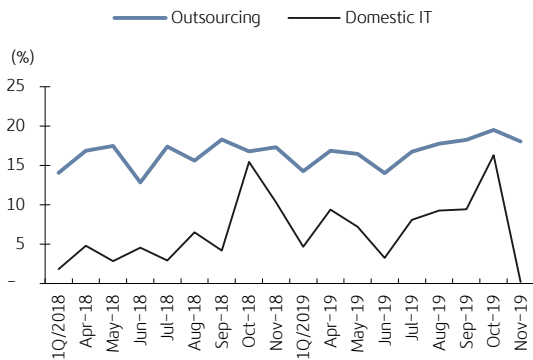
Source: FPT

Fig 3. Revenue growth of FPT business segments in 11M2019



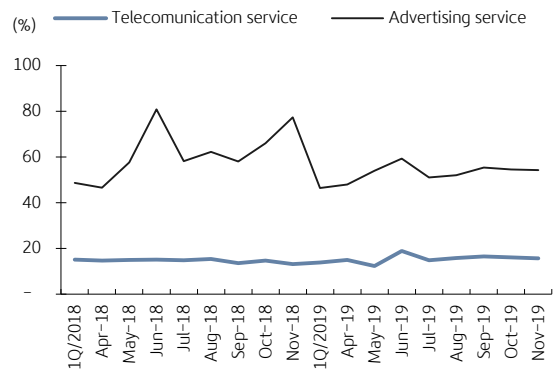
Source: FPT, KB Securities Vietnam

Fig 4. EBT growth of IT sector



Source: FPT, KB Securities Vietnam

Fig 5. EBT margin of Telecoms sector



Source: FPT, KB Securities Vietnam

## KB SECURITIES VIETNAM RESEARCH

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**Head of Research – Nguyen Xuan Binh**

binhnx@kbsec.com.vn

### **Macro/Strategy**

**Head of Macro & Strategy – Tran Duc Anh**

anhtd@kbsec.com.vn

**Macro Analyst – Thai Thi Viet Trinh**

trinhtt@kbsec.com.vn

**Market Strategist – Le Anh Tung**

tungla@kbsec.com.vn

### **Equity (Hanoi)**

**Head of Equity Research (Hanoi) – Duong Duc Hieu**

hieudd@kbsec.com.vn

**Information Technology & Logistics Analyst – Nguyen Anh Tung**

tungna@kbsec.com.vn

**Property Analyst – Pham Hoang Bao Nga**

ngaphb@kbsec.com.vn

**Power & Construction Material Analyst – Le Thanh Cong**

conglt@kbsec.com.vn

**Financials Analyst – Nguyen Thi Thu Huyen**

huyenntt@kbsec.com.vn

### **Equity (Ho Chi Minh)**

**Head of Equity Research (Ho Chi Minh) – Harrison Kim**

harrison.kim@kbf.com

**Consumer & Retailing Analyst – Dao Phuc Phuong Dung**

dungdpp@kbsec.com.vn

**Fisheries & Pharmaceuticals Analyst – Nguyen Thanh Danh**

danhnt@kbsec.com.vn

**Oil & Gas & Chemicals Analyst – Nguyen Vinh**

vinhn@kbsec.com.vn

### **Research Marketing**

**Korea Marketing Analyst – Seon Yeong Shin**

shin.sy@kbsec.com.vn

## KB SECURITIES VIETNAM (KBSV)

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### Head Office:

Levels G, 2 & 7, Sky City Tower, 88 Lang Ha Street, Dong Da District, Hanoi, Vietnam  
Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

### Hanoi Branch:

Level 1, VP Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam  
Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

### Ho Chi Minh Branch:

Level 2, TNR Tower Nguyen Cong Tru, 180-192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam  
Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

### Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC, Vietnam  
Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

### CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 – Ext: 2656  
Private Customer Care Center: (+84) 24 7303 5333 – Ext: 2276  
Email: [ccc@kbsec.com.vn](mailto:ccc@kbsec.com.vn)  
Website: [www.kbsec.com.vn](http://www.kbsec.com.vn)

## Investment ratings & definitions

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### Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

### Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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