

# FPT Corporation (FPT)

## Bright prospects beyond short-term hurdles

June 5, 2025

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### Revenue and earnings growth slowed in 1Q2025

Ending 1Q2025, FPT reported NPAT of VND2,493 billion (+21% YoY, +4.2% YoY) on revenue of VND16,065 billion (+14.0% YoY, +4.1% QoQ), fulfilling 22.6% and 21% of its full-year profit and revenue targets, respectively. The gross profit margin stood at 39.2%.

### Global IT revenue moderated, linked to slower 2H2024 contract acquisitions

During the first quarter, FPT continued to secure a strong pipeline of large overseas contracts, winning nine high-value deals worth over USD10 million each, a 125% increase compared to the same period last year. However, the number of mega deals (valued at USD1+ million) declined by 10.8% YoY to 66 projects. As a result, global IT services revenue grew 17.0% YoY to VND8,186 billion, slightly below the company's historical quarterly average of 20% growth.

### Broadband continued to exhibit strong growth, leading telecom revenue

In the telecommunications segment, FPT delivered double-digit growth in both revenue and PBT, reaching VND4,582 billion (+14% YoY) and VND966 billion (+17% YoY), respectively. Broadband remained the key growth driver, with revenue rising to VND2,397 billion (+16% YoY).

### We upgrade FPT to BUY with a target price of VND141,100/share

Considering FCFF and P/E valuations, business outlook, and potential risks, we upgrade FPT from NEUTRAL to BUY with a target price of VND141,100 per share, 20.5% higher than the closing price on June 4, 2025.

## Buy change

**Target price** VND141,100

Upside	20.5%
Current price (Jun 4, 2025)	VND117,100
Consensus target price	VND139,400
Market cap (VNDtn/USDbn)	173.9/6.7

#### Trading data

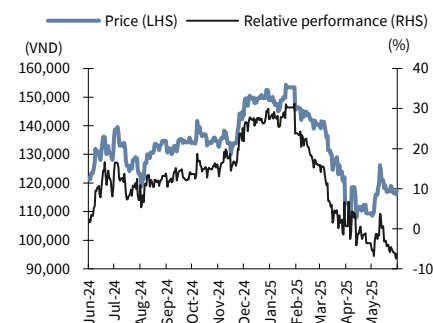
Free float	79.2%
3M avg trading value (VNDbn/USDmn)	897.3/34.8
Foreign ownership	41.1%
Major shareholder	Trương Gia Bình (6.99%)

#### Share price performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	6.1	-17.4	-19.9	-2.5
<b>Relative</b>	-2.8	-19.4	-26.8	-6.9

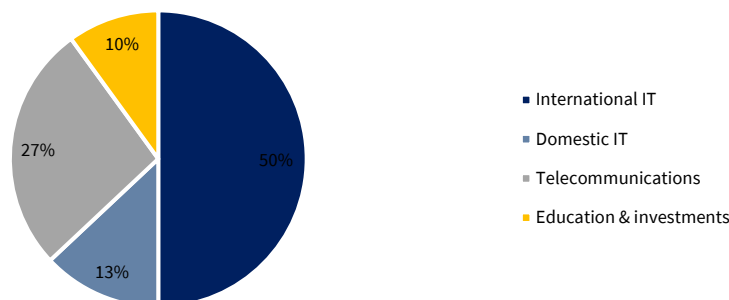
#### Forecast earnings & valuation

FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	52,618	62,849	73,068	83,561
Operating income/loss (VNDbn)	7,788	9,420	11,349	13,838
NPAT-MI (VNDbn)	6,465	7,849	9,454	11,527
EPS (VND)	5,854	7,004	8,725	10,946
EPS growth (%)	0.9	20.0	25.0	25.0
P/E (x)	24.1	20.2	16.2	12.9
P/B (x)	6.0	5.8	4.8	3.9
ROE (%)	26.0	26.3	26.2	26.0
Dividend yield (%)	2.0	2.1	2.1	2.1



Source: Bloomberg, KB Securities Vietnam

## Revenue composition (2024)



## Business operation

FPT Corporation (FPT) is a leading technology conglomerate in Vietnam, with a diverse portfolio spanning IT services, telecommunications, and education. Founded in 1988, FPT has expanded globally, serving key markets including Japan, the EU, the US, and Southeast Asia. The IT segment contributes 46% of the group's total revenue, supported by a tech team of nearly 24,000 engineers.

Source: FPT Corporation, KB Securities Vietnam

## Investment Catalysts

## Notes

**Increased global IT spending is expected to drive FPT's IT segment, with revenue forecast to grow by 21.9% in 2025.**

Please find more details below

**The telecommunications ecosystem continues to provide a stable revenue stream,** as broadband is anticipated to maintain steady performance, while Data Centers and PayTV hold strong long-term potential.

Please find more details below

**The upcoming launch of new training facilities in Hue and Hau Giang will help boost education & investment revenue to a projected VND7,443 billion in 2025 (+21% YoY).**

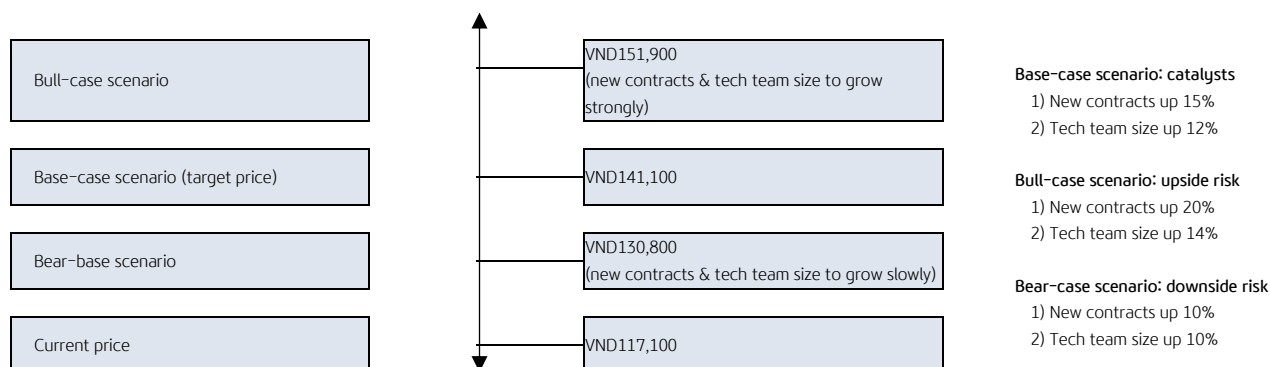
Please find more details below

## Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	73,068	83,561	1%	-1%	72,382	84,893	1%	-2%
EBIT	11,785	13,941	1%	-1%	12,016	14,432	-2%	-3%
NP after MI	9,454	11,527	1%	-1%	9,184	11,082	-3%	-4%

Source: Bloomberg, KB Securities Vietnam

## Investment opinion &amp; risks



## Business performance

**Global IT services remained FPT's growth engine in 1Q2025, despite a decline in mega & large deals compared to 1Q2024**

Ending 1Q2025, FPT reported NPAT of VND2,493 billion (+21% YoY, +4.2% YoY) on revenue of VND16,065 billion (+14.0% YoY, +4.1% QoQ), fulfilling 22.6% and 21% of its full-year profit and revenue targets, respectively. The gross profit margin stood at 39.2%.

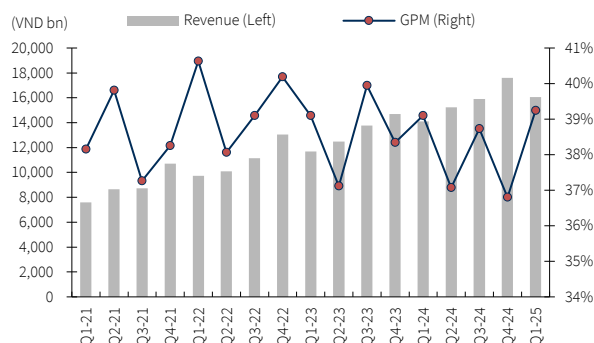
International IT services remained the primary growth driver, with revenue rising 17.0% YoY to VND8,186 billion. New signed value exceeded VND11,505 billion (+17.2%); however, the number of mega deals (valued at USD1+ million each) and large deals (valued at USD5+ million each) collectively declined to 75 from 81 in 1Q2024.

**Table 1. FPT – 1Q2025 financial results**

(VNDbn)	1Q2024	1Q2025	+/-%YoY	Notes
<b>Revenue</b>	<b>14,093</b>	<b>16,065</b>	<b>14%</b>	
<i>Global IT</i>	7,000	8,186	17%	Digital transformation revenue recorded strong growth, reaching VND3,579 billion (+21% YoY), driven by increased adoption of new technologies among companies. The book-to-bill ratio (bookings/billings) improved to 1.4 times (compared to 1.0 in the previous quarter), indicating promising revenue growth in the upcoming quarters.
<i>Japan</i>	2,695	3,514	30%	
<i>US</i>	1,858	2,002	8%	
<i>EU</i>	552	688	25%	
<i>APAC</i>	1,895	1,982	5%	
<i>Domestic IT</i>	1,472	1,583	8%	Made-by-FPT services saw a modest revenue increase of 6% YoY, while hardware-related services grew from a low base.
<i>Telecommunications</i>	4,012	4,582	14%	
<i>Education</i>	1,776	1,834	3%	Growth fell short of expectations as FPT's education system failed to meet its admission quota during the 2024 enrollment season, amid intensified competition from public institutions.
<i>Investment</i>	-167	-127	-24%	
<b>Gross profit</b>	<b>5,510</b>	<b>6,301</b>	<b>14%</b>	
Gross profit margin	39.1%	39.2%	0 ppts	
Financial income	457	573	25%	
Financial expenses	334	311	-7%	
Shared profits from affiliates	75	137	83%	This was largely attributed to FPT Digital Retail (FRT) posting a profit of VND167 billion in 1Q2025, significantly up from VND38 billion in the same period last year.
SG&A	3,192	3,706	16%	
Operating income/loss	2,318	2,595	12%	
Other income	-27	-8	-70%	
Profit before tax (PBT)	2,414	2,849	18%	
<b>Net profit after tax (NPAT)</b>	<b>2,160</b>	<b>2,596</b>	<b>20%</b>	
NPAT-MI	1,798	2,174	21%	
<i>NPAT margin</i>	15%	16%	1 ppts	

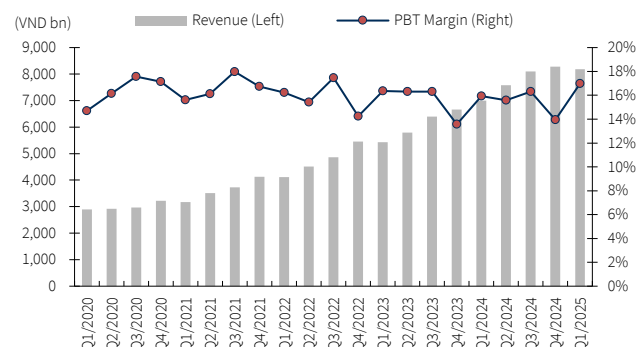
Source: FPT Corporation, KB Securities Vietnam

Fig 2. FPT – Revenue, gross profit margin (VNDbn, %)



Source: FPT Corporation, KB Securities Vietnam

Fig 3. FPT – Revenue, PBT margin of global IT (VNDbn, %)



Source: FPT Corporation, KB Securities Vietnam

### Global IT: Japan continued to deliver outstanding revenue, while other markets encountered challenges

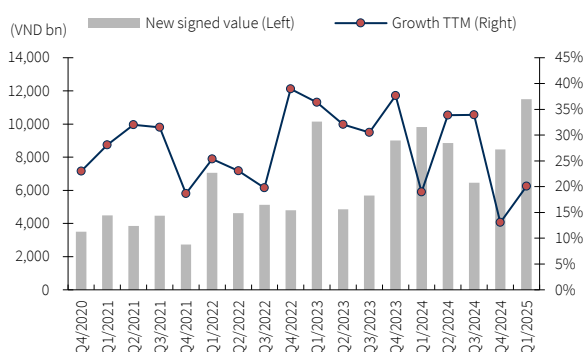
The rising adoption of generative AI among enterprises and organizations aimed at enhancing operational efficiency is expected to significantly drive global spending on IT software and services. Canals projects the global IT industry to reach USD6.3 trillion and rapidly surpass USD10 trillion by 2035. AI will be a key driver of investment in hardware infrastructure, concurrently accelerating the demand for digital transformation through AI-powered software services. We expect FPT to continue keeping pace with these emerging trends and expanding investments in key strategic markets:

- **Japan:** The country's aging population is leading to a workforce shortage, particularly in sectors requiring digitalization and automation. This is expected to drive increased investment in technology products that boost automation and productivity while reducing human reliance. At the same time, the shortage of IT professionals needed to operate Japan's growing digital infrastructure creates opportunities for IT service providers with a young and abundant workforce like FPT. The AI Factory project, with a total investment of USD100 million, is set to complete FPT's product ecosystem and position the company to capitalize on market expansion opportunities in Japan. We estimate revenue from this market will reach VND15,700 billion in 2025 (+27% YoY) and VND20,060 billion in 2026 (+29% YoY).
- **APAC:** FPT signed a USD67 million master service agreement with KMP Aryadhana, a leading Indonesian innovation hub. Leveraging its strengths in AI, blockchain, Internet of Things (IoT), and cloud computing, FPT is well-positioned to engage deeply in ESG (Environmental, Social, and Governance) and education initiatives in the region.
- **EU & US:** In 2024, FPT achieved significant milestones in the US market by securing a USD225 million Managed Services contract, the largest in the company's history. Additionally, in Europe, FPT signed its largest regional managed services agreement with RWE Czech (RWE), valued at over USD100 million. These contracts are expected to ensure a steady workload for FPT over the next three to five years, supporting sustained high revenue growth of approximately 15–25% YoY.

Accordingly, we forecast FPT's IT services revenue to grow by 22% YoY in 2025, reaching VND37,701 billion, driven by: (i) the AI Factory project, expected to complete FPT's product ecosystem and facilitate deeper customer engagement; and (ii) large-scale, long-term contracts that ensure stable revenue generation.

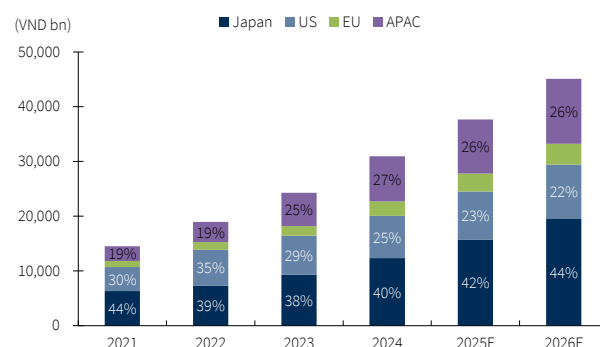
Looking ahead to 2026, total revenue from international IT services is projected to reach VND45,091 billion (+20% YoY), continuing to serve as the primary growth driver. Consequently, we estimate overall IT services revenue will reach VND54,084 billion (+17% YoY).

Fig 4. FPT – New signed value & growth (VNDbn, %)



Source: FPT Corporation, KB Securities Vietnam

Fig 5. FPT – Global IT revenue composition (VNDbn)



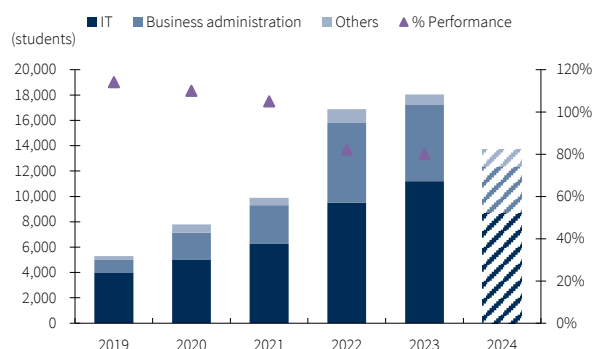
Source: FPT Corporation, KB Securities Vietnam

### The Education & Investment segments are poised for strong growth through 2026

The education segment reported modest growth in 1Q2025, with revenue reaching VND1,834 billion (+3.2% YoY). Reduced losses in the investment segment, at VND-127 billion compared to VND-167 billion in the same period last year, supported the combined performance of the education and investment segments, which reached VND1,707 billion (+6.1% YoY, +3.3% QoQ). We expect the education segment to experience slight growth in 2Q2025, supported by annual tuition fee adjustments. It is also projected to return to double-digit growth during the university enrollment season in 3Q. FPT plans to bolster student enrollment by promoting two core majors, Business Administration and Information Technology, alongside new programs such as Artificial Intelligence and Automotive Engineering.

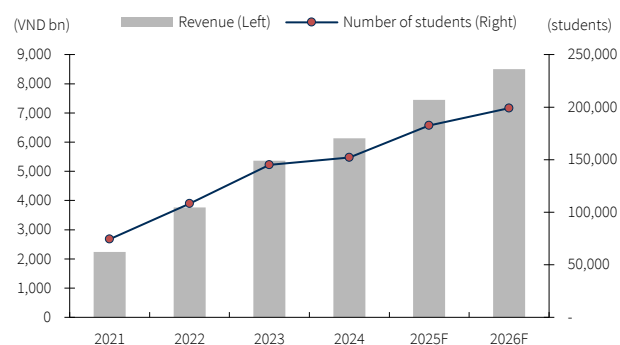
In 2025, FPT is expected to launch new campuses in Hue and Hau Giang, expanding its footprint to nearly 20 new schools nationwide across 14 provinces and cities. Once fully operational, these new facilities are projected to accommodate ~25,100 students. We forecast revenue from the education and investment segments to grow 21%/14% YoY in 2025/2026, reaching VND7,443 billion/VND8,502 billion, respectively, driven by an estimated 9% annual increase in student enrollment, reaching 182,415/198,999 students.

Fig 6. FPT – FPT University applicants by major and admission quota fulfillment rate (students, %)



Source: FPT Corporation, KB Securities Vietnam

Fig 7. FPT – Education revenue & student headcount (VNDbn, students)



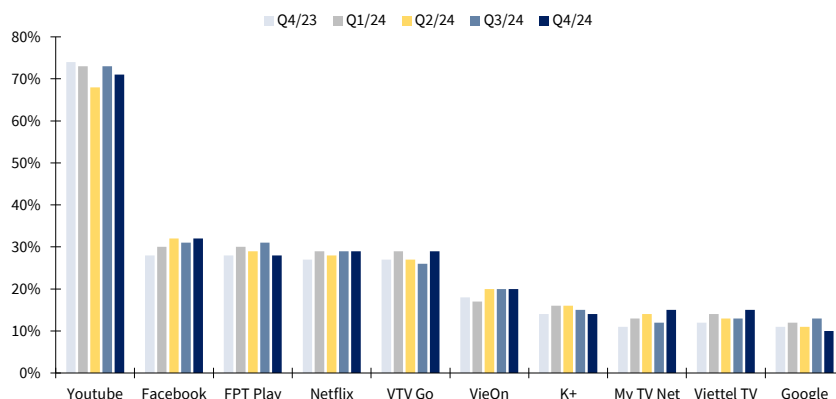
Source: FPT Corporation, KB Securities Vietnam

**Telecom: Broadband is anticipated to maintain positive growth, while Data Centers and PayTV hold strong long-term potential**

In 1Q2025, the telecommunications segment recorded double-digit growth in both revenue and PBT, reaching VND4,582 billion (+14% YoY) and VND966 billion (+17% YoY), respectively. Broadband led the growth, generating VND2,397 billion in revenue (+16% YoY). While other business lines showed slight improvements, Data Center growth slowed, mainly due to persistent delays in launching the Ho Chi Minh City Data Center project amid logistical challenges. Its inauguration is now expected to be postponed until late 2025.

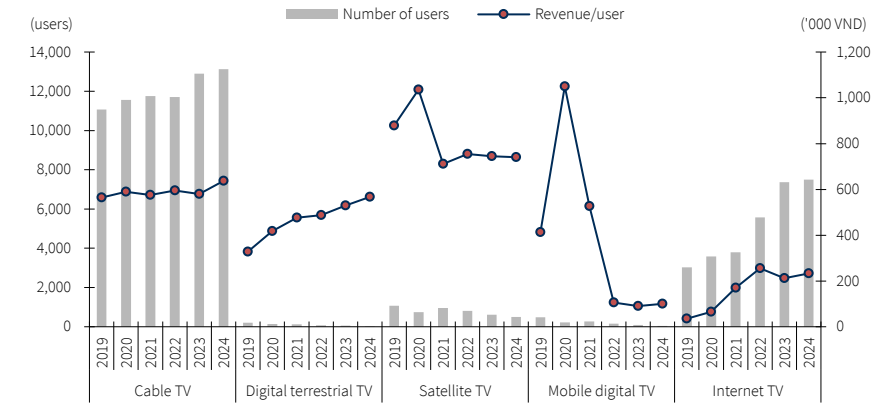
Looking ahead, we believe that PayTV and Data Centers will drive future telecom growth, supported by increased user spending on new services. The widespread consumer adoption of PayTV platforms presents a favorable opportunity for providers like FPT Play, which offers diverse entertainment content, to sustain double-digit growth by expanding subscription numbers. FPT's Data Centers are also expected to attract more clients, as cloud computing and AI trends fuel the demand for robust storage infrastructure. We forecast FPT's telecom revenue to reach VND18,844 billion in 2025 and VND19,729 billion in 2026, representing YoY growth of 10% and 8.4%, respectively.

Fig 8. Vietnam – Penetration rates of streaming platforms (%)



Source: Decision Lab, KB Securities Vietnam

Fig 9. FPT – PayTV subscription numbers & average revenue per subscriber



Source: Make in Vietnam, KB Securities Vietnam

## Forecast & Valuation

Table 10. FPT – 2024A–2026F financial results

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Notes
<b>Revenue</b>	62,963	73,068	16%	83,561	14%	
<i>Global IT</i>	30,952	37,701	22%	45,091	20%	
<i>Japan</i>	12,325	15,759	28%	19,626	25%	Revenue from the Japanese market is expected to remain strong & keep expanding, driven by FPT's deep market insight and sustained cost competitiveness.
<i>US</i>	7,751	8,759	13%	9,810	12%	Digital transformation spending is fueling FPT's revenue growth, supported by the company's proactive market expansion through mergers and acquisitions (M&A).
<i>EU</i>	2,636	3,295	25%	3,789	15%	FPT continues to expand its market share in the EU by actively entering the automotive software sector, a rising trend in software development.
<i>APAC</i>	8,240	9,888	20%	11,866	20%	
<i>Domestic IT</i>	8,157	8,565	5%	8,993	5%	
<i>Telecommunications</i>	17,618	19,363	10%	20,981	8%	
<i>Education &amp; Investment</i>	6,129	7,443	21%	8,502	14%	
Gross profit	23,800	27,224	14%	31,597	16%	
<b>Gross profit margin</b>	<b>38%</b>	<b>37%</b>	<b>-1 ppts</b>	<b>38%</b>	<b>1 ppts</b>	
Financial income	1,929	2,488	29%	2,810	13%	
Financial expenses	1,812	1,618	-11%	1,479	-9%	
Shared profits from affiliates	394	735	87%	1,095	49%	Strong growth will be driven by a higher contribution from FRT's net profit, which is projected to reach VND816 billion in 2025.
SG&A	13,284	15,439	16%	17,656	14%	
Operating income/loss	10,516	11,785	12%	13,941	18%	
Other income	-103	0	-100%	0	n.a	
Profit before tax (PBT)	11,071	13,583	23%	16,560	22%	
<b>Net profit after tax (NPAT)</b>	<b>9,420</b>	<b>11,349</b>	<b>20%</b>	<b>13,838</b>	<b>22%</b>	
<b>NPAT-MI</b>	<b>7,849</b>	<b>9,454</b>	<b>20%</b>	<b>11,527</b>	<b>22%</b>	
<i>NPAT margin</i>	15%	16%	1 ppts	17%	1 ppts	

Source: FPT Corporation, KB Securities Vietnam

**We recommend BUY for FPT with a target price of VND141,100/share**

Following a sharp correction, FPT is trading close to one standard deviation above its historical mean P/E ratio, reflecting muted market expectations for the company's growth prospects. Looking ahead, we expect FPT's earnings to sustain annual growth of 17–20% YoY over the next three to four years, supported anticipated revenue recovery in key markets and the education segment. We valued FPT by benchmarking it against comparable peers in developing Asian countries. Specifically, we selected companies within the same industry and with similar market capitalizations to FPT to value the company's technology and telecommunications segments. For the education and investment segments, we believe the current stock price fairly reflects the intrinsic value of these businesses.

Our valuation combined two methods, discounted cash flow (DCF) and P/E multiple, weighted equally at 50:50. Based on this, we derived a fair target price of VND141,100 per share for FPT, implying a 20.5% upside from the closing price on June 4, 2025.



Table 11. FPT – FCFF valuation

(VNDbn)	Valuation method	Contribution to FPT
Accumulated value		52,027
PV of a perpetuity	EV/EBITDA 9x	116,918
<b>Total</b>		<b>168,945</b>
(+) Cash & short-term investments		30,523
(-) Net debt		-19,307
(-) Minority interest		-5,671
<b>Equity value</b>		<b>174,490</b>
Number of shares outstanding (million shares)		1,270.00
<b>Value per share</b>		<b>137,400</b>

Source: KB Securities Vietnam

Table 12. FPT – P/E valuation

(VNDbn)	P/E	Contribution to FPT
IT services	23	95,459
Telecommunications	16	18,333
Education & Investment	17	30,908
<b>Value per share</b>		<b>144,700</b>

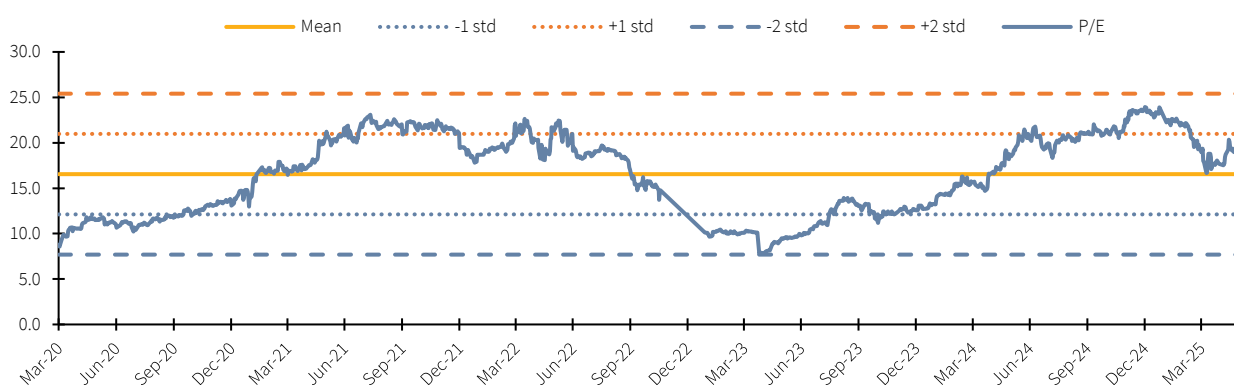
Source: KB Securities Vietnam

Table 13. FPT – Valuation results

Valuation method	Forecast price (VND)	Weighting	Weighted price (VND)
FCFF	137,400	50%	68,700
P/E	144,700	50%	72,350
<b>Target price</b>			<b>141,100</b>
Current price (Jun 4, 2025)			117,100
<b>Upside</b>			<b>20.5%</b>

Source: KB Securities Vietnam

Fig 14. FPT – P/E in 2020–2025



Source: Bloomberg, KB Securities Vietnam



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**Investment ratings & definitions**

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**Investment Ratings for Stocks**

**(Based on the expectation of price gains over the next 6 months)**

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

**Investment Ratings for Sectors**

**(Based on the assessment of sector prospects over the next 6 months)**

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

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