

FPT Group (FPT)

Earnings performance to May up 16%

Performance to May: Pretax earnings up 16.0% on 12.4% increase in revenue

— Pretax earnings from the start of year to May were up 16.0% YoY to VND1,993 billion on a 12.4% YoY increase in revenue to VND11,199 billion. Of this, the technology sector saw pretax profits rise by 14.8% YoY on a 14.1% YoY increase in sales, while the telecommunications sector saw pretax profits up by 21.9% YoY on a 10.8% YoY increase in sales.

Domestic IT segment hit hard by COVID-19

— Services for connected vehicles, cloud computing, AI and data analytics kept demand for FPT's IT services high, with pretax earnings at the foreign IT service segment increasing by 22.8% YoY on the 20.5% YoY growth in revenue. The same could not be said for the domestic IT segment, which was hit harder by the COVID-19 pandemic and saw pretax earnings plunge by 37.0% YoY on a 4.1% YoY drop in sales.

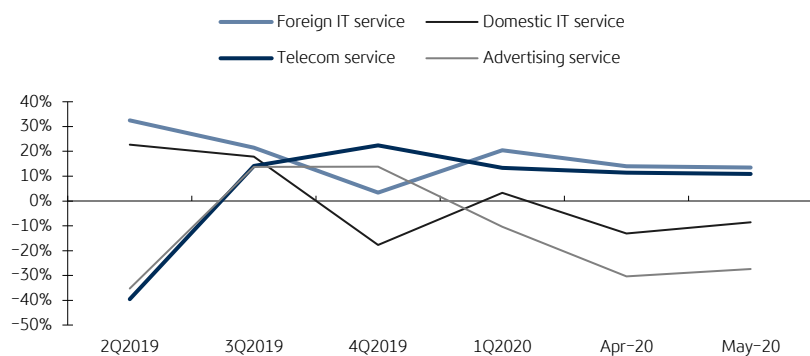
Biggest winner was telecom services as cost cuts led to 31.3% jump in pretax earnings

— Pretax earnings for telecom services jumped by 31.3% YoY after successful cost cuts offset signs of slowing revenue to 12.4% YoY growth. But advertising orders were another casualty of the COVID-19 pandemic, with pretax earnings for advertising services falling sharply by 25.8% YoY on a 19.0% YoY drop in revenue.

The coronavirus continues to weigh on sales, with revenue growth for all segments down in April and May.

Domestic IT and advertising services were hit the hardest by the pandemic and witnessed negative sales growth. With the coronavirus now under control, both segments should begin to recover in 2H 2020E.

Fig 1. FPT - Revenue growth by segment



Source: FPT, KBSV

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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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