

FPT Group (FPT)

Earnings performance to June up 13.5%

Performance to June: Pretax earnings up 13.5% on 9.0% increase in revenue

— Pretax earnings from the start of year to June were up 13.5% YoY to VND2,428 billion on a 9.0% YoY increase in revenue to VND13,611 billion. Of this, the technology sector saw pretax profits rise by 13.3% YoY on a 8.1% YoY increase in sales, while the telecommunications sector saw pretax profits up by 14.2% YoY on a 10.5% 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 20.9% YoY on the 17.8% YoY growth in revenue. However, revenue just increase by 6% yoy in June due to the impact of Covid-19 on service sale. On the other hand, domestic IT segment was hit harder by the COVID-19 pandemic and saw pretax earnings plunge by 36.8% YoY on a 15.5% YoY drop in sales.

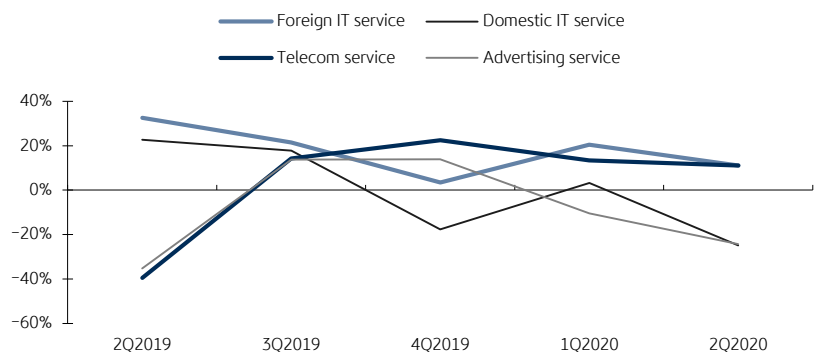
Biggest winner was telecom services as cost cuts led to 21.8% jump in pretax earnings

— Pretax earnings for telecom services jumped by 21.8% YoY after successful cost cuts offset signs of slowing revenue to 12.2% YoY growth. But advertising orders were another casualty of the COVID-19 pandemic, with pretax earnings for advertising services falling sharply by 23.9% YoY on a 18.4% YoY drop in revenue.

The coronavirus continues to weigh on sales, with revenue growth for all segments down in 2Q2020, especially Domestic IT and Advertising service.

With positive signs in controlling the Covid-19 in the world, all segments growth should begin to recover in 2H 2020E.

Fig 1. FPT – Revenue growth by segment (YoY)



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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