

FPT Group (FPT)

Earnings performance to September up 8.7%

Performance of 3Q2020: Pretax earnings up 8.7% on 8.0% increase in revenue

— In 3Q2020, Pretax earnings were up 1.3% YoY to VND1,346 billion on a 6.3% YoY increase in revenue to VND7,553 billion. Of this, the technology sector saw pretax profits rise by 3.7% YoY on a 1.9% YoY increase in sales, while the telecommunications sector saw pretax profits up by 10.8% YoY on 8.8% YoY increase in sales. 9M2020 total revenue is VND21,164 billion, up by 8.0 YoY and Pretax earning is VND3,814 billion, up by 8.7% YoY.

New contract value of Global IT service increased by 22% YoY in 9M2020

— Foreign IT service revenue just increase by 3.7% YoY in 3Q2020 due to the impact of Covid-19 on service sale. However, growth is expected to recover in 2021 since new contract value in 9M2020 reached VND9,595 billion, up by 22% YoY while the number of client attributing over USD500,000 revenue increased by 12.7% YoY,

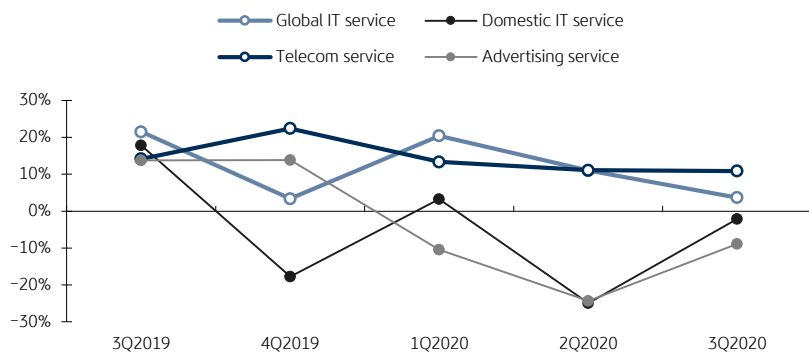
Pretax earnings of Telecom service increased by 20.5% YoY in 3Q2020

— 3Q2020, Pretax earnings for telecom service jumped by 20.5% YoY on a 10.9% YoY increase in revenue; pretax margin increased from 15.8% in 3Q2019 to 17.2% in 2020 thanks to cutting cost, especially marketing cost and Pay TV segment reached breakeven point (Pay TV revenue up by 30% YoY in 9M2020, approximately).

Domestic IT service and Advertising service has positive recovery in revenue growth after a plunge in 2Q2020

With positive signs in controlling the Covid-19 in the world, especially in Vietnam, all segments growth should begin to recover in 1H 2021E.

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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