

# Technology

## Emerging strong from short-term headwinds

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### Worldwide IT investment remains central to industry expansion

KBSV expects global IT spending to recover in 2026, supported by (1) cost-saving measures and restrained corporate expenditures as companies focus on production recovery and AI and (2) prioritization of technology solutions that improve business efficiency. Gartner forecasts IT spending growth of 9.8% in 2026.

### Asia-Pacific emerges as a key driver of market recovery

With economies closely tied to global trade, the Asia-Pacific region is poised for growth following recent trade tensions. The return of manufacturing to the US will further boost digital transformation investments. In Europe, expansion of renewable energy capacity will be the main driver of single-digit IT spending growth in the bloc.

### Profit margins should remain stable through cost optimization

Amid slower new contract growth, KBSV highlights FPT's effective cost management and partial workforce autonomy via training as key factors supporting stable profit margins in the coming years.

### Vietnam's Digital Technology Law marks a milestone for tech sector expansion

The Law on Digital Technology Industry marks a milestone in Vietnam's ambition to become a global technology hub. KBSV expects new regulatory frameworks to create growth opportunities for leading tech players such as FPT and CMG.

### Vietnam is well-positioned to expand data center capacity

Global dynamics favor Vietnam as a strategic location for data centers. In the short term, limited energy supply creates a high-entry barrier, benefiting existing operators. In the long term, competitive development and operating costs should continue to attract investment.

### Tech stocks are poised for growth in 2026

KBSV expects tech companies to see business recovery driven by diversified revenue streams and cost efficiency, while current attractive valuations offer compelling investment opportunities.

**Positive** maintain

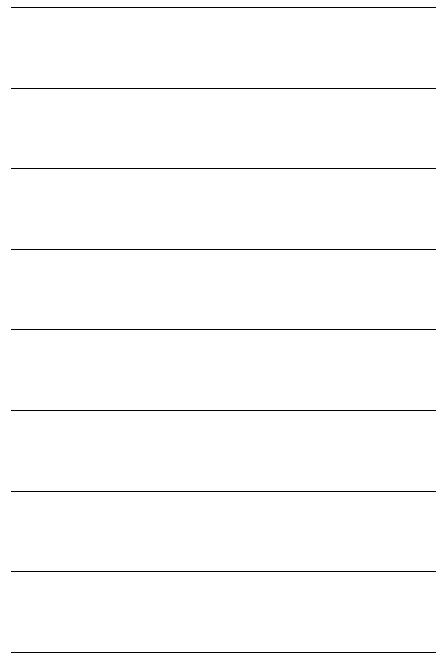
Recommendations

FPT Corporation (FPT)

BUY

Target price

VND121,800



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## I. 9M25 business performance

### Tech sector showed strong revenue growth and expanding enterprise base in 9M25

In the first nine months of 2025, the technology sector's revenue grew an estimated 27%, reaching 71% of the full-year target. Notably, this double-digit growth came alongside only a 4% increase in the workforce, reflecting significant improvements in labor productivity. The number of tech companies continued to rise steadily; according to the Ministry of Planning and Investment's Department of Business Registration, 77,502 digital technology enterprises were registered and operating by July 2025, representing an impressive 42% increase since the start of the year.

### International IT services face short-term tariff challenges

The decline in global IT company revenues has occurred amid an unstable trade environment, prompting many firms to halt expansion or scale back investment budgets. For FPT, with slower new contract growth since 4Q24, overseas IT revenue rose modestly by 10% YoY. However, easing global trade tensions provided a bright spot: new contract value in 3Q25 reached VND9,454 billion, up 47% YoY. Meanwhile, CMG's technology and solutions segment generated VND3,007 billion in revenue between March and September 2025, growing 27% YoY and highlighting the effectiveness of its Go Global strategy.

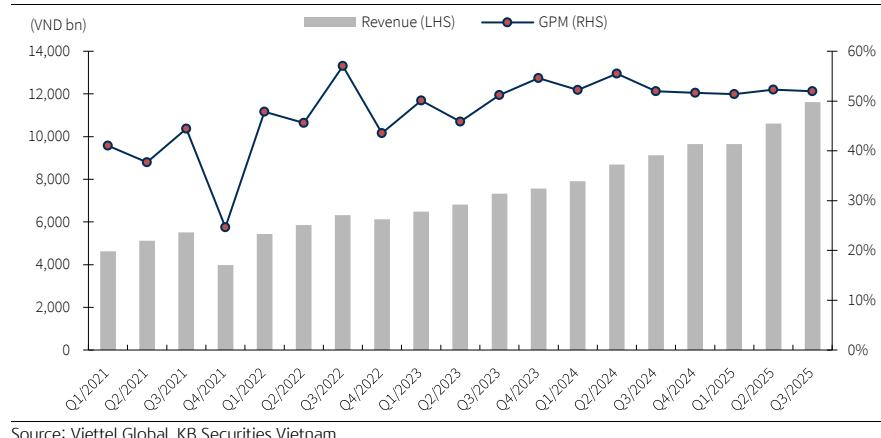
### Domestic IT services are supported by national digital transformation

In the domestic IT market, national digital transformation policies have strengthened collaboration between tech businesses and government agencies in areas such as cloud computing and artificial intelligence. FPT's domestic IT business recorded revenue of VND5,376 billion in the first nine months, up 2% YoY. At the same time, investments in telecommunications infrastructure and the rapid rollout of 5G continue apace. Strong demand for 5G tower leasing has been a key driver, lifting CTR's infrastructure leasing revenue by 38% YoY to VND783 billion over the first 11 months of 2025.

### Domestic telecom market nears saturation, with growth now driven by overseas markets

In the first half of 2025, Vietnam's telecommunications service revenue is estimated at VND70,422 billion, up 1.2% YoY. Mobile subscriptions exceeded 105 million (+4.4% YoY), reflecting a mature market with limited growth. Differences in service quality—such as connection speed, cost, and reliability—have become minimal, keeping major carriers' market shares largely stable. Against this backdrop, Viettel's operations in underdeveloped countries through its subsidiary VGI have proven successful, sustaining revenue growth above 20% for eight consecutive quarters and gradually generating profits. Its leading market positions allow VGI to leverage scale advantages, earning profits through flexible pricing without incurring additional infrastructure costs.

Fig 1. VGI – Revenue, gross profit margin (VNDbn, %)

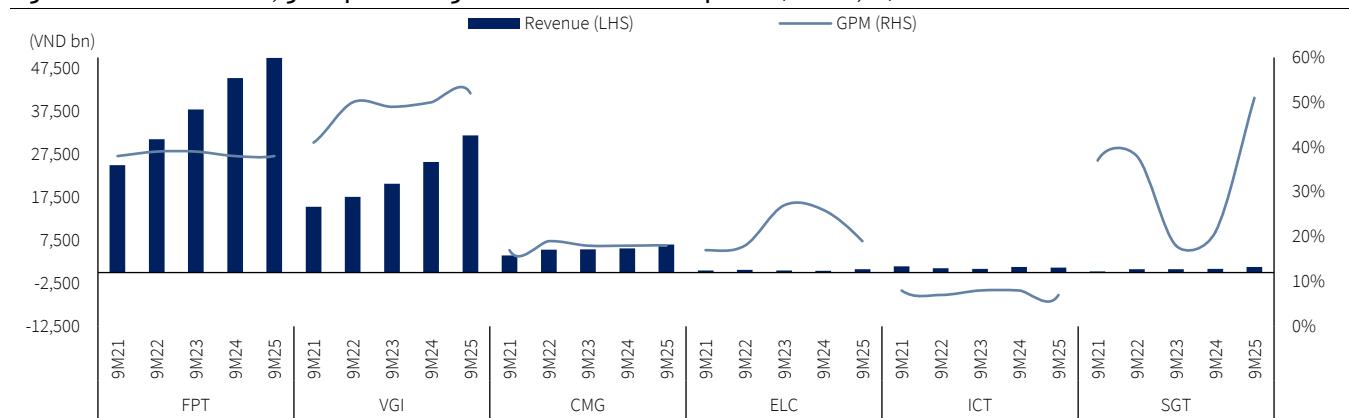


Source: Viettel Global, KB Securities Vietnam

### Tech companies deliver strong revenue and earnings growth in 9M25

In the first nine months of 2025, tech companies posted strong growth, with revenues from seven companies (FPT, VGI, CMG, SGT, ICT, ELC, GLT) totaling VND90,943 billion, up 14% YoY. FPT accounted for the largest share, generating VND49,887 billion (+10.3% YoY). While FPT's growth slowed, CMG's Go Global strategy proved effective, delivering revenue and net profit of VND6,548 billion (+16.3% YoY) and VND333 billion (+42.7% YoY). ELC saw a significant revenue jump in 3Q25 after securing major contracts to supply equipment for nationwide traffic camera installations. VGI and ITD continued to grow revenue while improving net margins to 23.8% and 53.4% (+10.3 and +50.1 ppts) through cost optimization. Overall, NPAT-MI reached over VND16,400 billion (+54% YoY), highlighting a positive industry trend despite slower growth among some leading players.

Fig 2. Vietnam – Revenue, gross profit margin of selected tech companies (VNDbn, %)



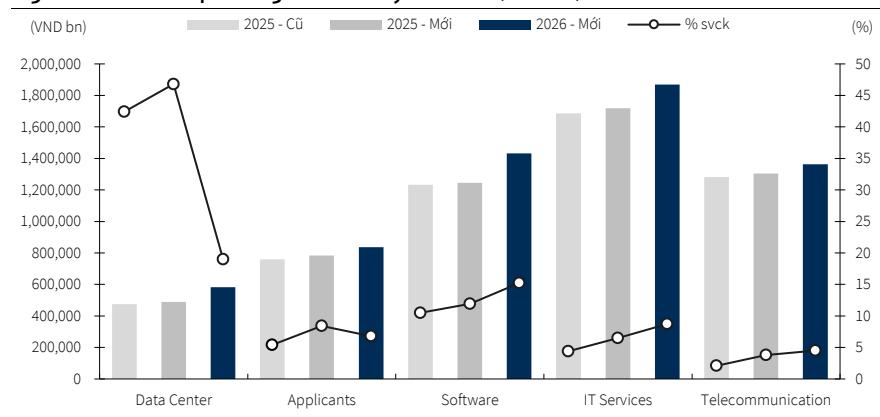
Source: Company reports, KB Securities Vietnam

## II. 2026 outlook

### Worldwide IT investment remains central to industry expansion

KBSV expects global IT spending to recover in 2026, supported by (1) cost-saving measures and restrained corporate expenditures as companies focus on production recovery and AI, and (2) prioritization of technology solutions that improve business efficiency. In this environment, reputable software exporters with international experience are likely to outperform lesser-known competitors, driving positive business results. Market research firms also maintain a positive outlook for IT spending growth in 2026, with Gartner and Omdia forecasting 9.8% YoY and 8.3% YoY growth, respectively.

**Fig 3. Global – IT spending forecast by Gartner (VNDbn)**

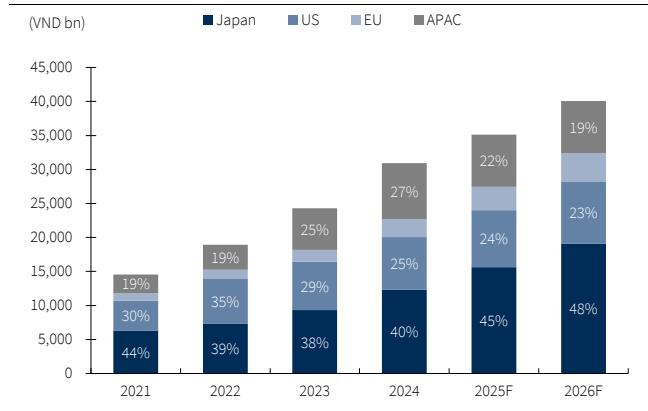


Source: Gartner, KB Securities Vietnam

### Asia-Pacific emerges as a key driver of market recovery

With easing global trade tensions, the Asia-Pacific region is set to emerge as a bright spot for business recovery. IT spending in the region is expected to rebound strongly, supported by favorable conditions including (1) robust economic growth, (2) a young, tech-savvy population, and (3) government policies promoting digital transformation. In North America, which accounts for roughly 40% of global IT budgets, the reshoring of manufacturing to the US under the Trump administration is driving significant demand for digital transformation, despite potential trade barriers. In the EU, IT investment growth is expected to slow due to energy supply uncertainties limiting expansion of energy-intensive IT infrastructure. However, continued expansion of renewable energy capacity will indirectly stimulate IT adoption for cost management, leading KBSV to project single-digit IT spending growth in the bloc in 2026.

**Fig 4. FPT – Global IT revenue composition by market in 2021A-2026F (VNDbn, %)**

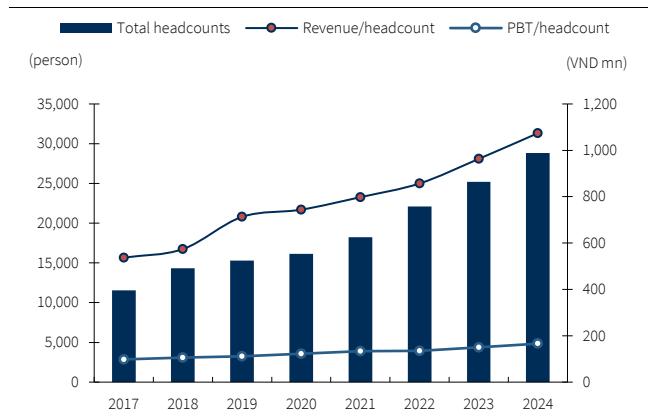


Source: FPT Corporation, KB Securities Vietnam

### Cost optimization supports stable profitability for tech companies

Amid slowing contract growth, FPT has maintained pre-tax margins around 15–16% through cost optimization, including salary restructuring and tighter hiring budgets. Historically, the company has demonstrated disciplined cost management, with personnel cost growth rarely exceeding revenue per employee growth. For CMG, revenue growth has been accompanied by stable profitability, driving a 41% YoY increase in technology segment profits. We therefore view FPT and CMG's strong cost management and competitive advantage in attracting and developing talent as key factors that will support attractive margins in the coming years.

**Fig 6. FPT – Workforce, revenue & PBT per employee (person, VNDmn)**

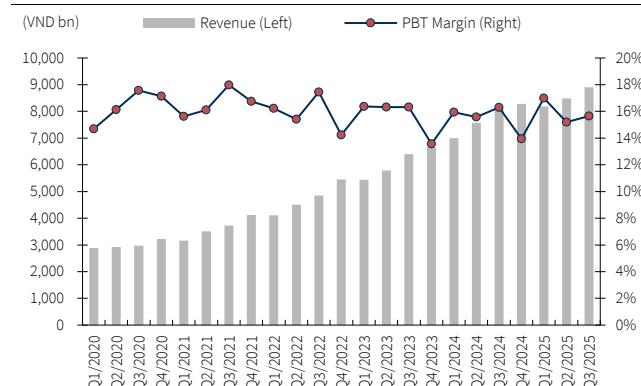


Source: FPT Corporation, KB Securities Vietnam

### Government initiatives will drive Vietnam to become a semiconductor manufacturing hub

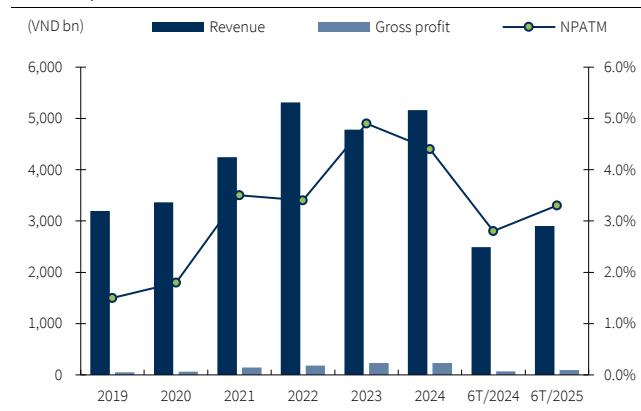
The 2025 Digital Technology Industry Law provides a comprehensive framework for the sector's key pillars, including semiconductors, artificial intelligence, and digital assets. It outlines the industry's development direction, sets critical targets, and serves as a foundation for future policy-making. KBSV expects the new framework to introduce measures such as attracting domestic and international talent, granting autonomy in training programs and workforce development, offering incentives for tech companies, and drawing investment capital—laying a solid foundation for sector growth. As leading players, FPT and CMG are well-positioned to benefit from the more favorable business environment this law creates.

**Fig 5. FPT – Revenue, PBT & growth in 1Q20-3Q25 (VNDbn, %)**



Source: FPT Corporation, KB Securities Vietnam

**Fig 7. CMG – Revenue, gross profit, gross profit margin (VNDbn, %)**



Source: CMC Corp, KB Securities Vietnam

**Table 8. Global – Semiconductor value chain**

Main stage	Segment	Number of companies	2024 revenue	% value chain
Equipment & enabling tools	Semiconductor equipment manufacturing	85	188	19%
Chip design	Electronic design automation (EDA)	6	13	1%
	Semiconductor IP (Intellectual Property) core licensing & design	4	5	1%
	Fabless chip design	107	339	34%
Wafer fabrication & IDM	Microprocessor fabrication	1	53	5%
	Integrated device manufacturing	72	231	23%
	Wafer foundry services	13	123	12%
Assembly, Packaging & Test (APT)	Assembly, packing, and testing (APT)	30	48	5%
<b>Total</b>		<b>318</b>	<b>1000</b>	<b>100%</b>

Source: McKinsey, KB Securities Vietnam

**Vietnam is well-positioned for data center investment and growth, though numerous challenges remain**

According to McKinsey, demand for AI-ready data center capacity is projected to grow at a CAGR of 19–22% through 2030. In this context, CBRE identifies strong opportunities for rapid capacity expansion in the Asia-Pacific region. Vietnam, along with other Southeast Asian countries such as Malaysia, Thailand, and Indonesia, is well-positioned to attract investment in the sector, supported by: (1) growing domestic economies driving robust data storage demand, (2) modern submarine cable infrastructure with expanding capacity and processing speeds, (3) attractive investment incentives and relatively low costs due to available land, and (4) proximity to major economic hubs, including Singapore and China, with high data center demand.

However, Vietnam's data center market faces challenges, mainly from limited stable power supply and insufficient transmission infrastructure. While these constraints pose hurdles for new capacity expansion, they also create high entry barriers, giving established operators a competitive advantage and access to potential clients. Listed companies such as FPT and CMG, which already operate data centers, benefit from these short-term entry barriers and the strong growth in future demand.

**Table 9. Global – Data center capacity growth potential**

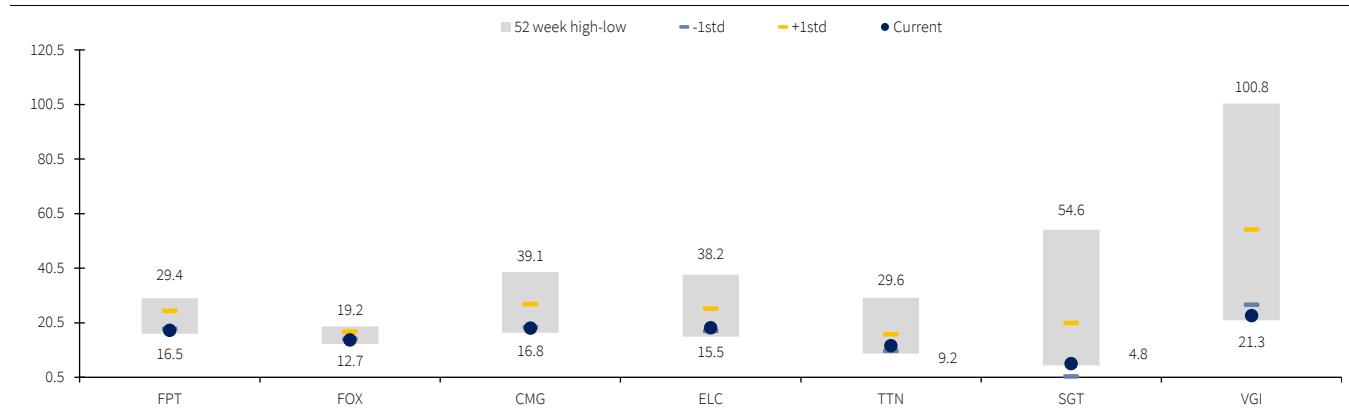
Country	Installed capacity (MW)	Capacity under development (MW)	Vacancy rate (%)	Vacancy rate outlook
Shanghai	1,071	551	11%	Down
Tokyo	949	601	13%	Flat
Mumbai	667	635	17%	Down
Seoul	698	513	9%	Down
Hong Kong	647	406	28%	Down
Sydney	767	230	15%	Flat
Singapore	738	104	2%	Flat
Johor	311	472	15%	Flat
Melbourne	308	227	22%	Down
Jakarta	274	244	32%	Flat

Source: CBRE, KB Securities Vietnam

## KBSV maintains a bullish outlook for the tech sector in 2026

We maintain a bullish outlook for the tech sector in 2026. IT spending is expected to rebound in line with global trends, while diversification into new business segments—such as data centers and IT management services—will provide meaningful contributions to revenue growth. Investors may consider companies like FPT, a leading software export and digital transformation player that is also making significant investments in data centers. Meanwhile, negative industry-wide earnings news has largely been priced into stock valuations, creating attractive investment opportunities with compelling expected returns.

**Fig 10. Vietnam – P/E of selected tech companies**



Source: Bloomberg, KB Securities Vietnam



# Top picks

FPT Corporation (FMC)

# FPT Corporation (FPT)

## On recovery trend

December 5, 2025

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### 3Q25 core business slowed down

FPT Corporation (FPT) reported VND17,226 billion in 3Q revenue (+10% YoY/+3.4% QoQ) with corresponding GPM of 38% and NPAT of VND2,740 billion (+20.4% YoY/-9.5% QoQ). 3Q results were equivalent to 66.3% of the year's revenue plan (VND49,949/VND75,400 billion) and 67.7% of the PBT target (VND9,064/VND13,394 billion).

### Foreign IT sector: New contract value has shown signs of recovery

The bright spot in the quarter is the bounceback of new contract value, reaching VND9,454 billion (+46.6% YoY). This is mainly boosted by a record-high contract with an energy group in Asia (USD256 million).

### Telecommunications sector: Broadband continues to operate effectively, data centers will become new growth force

In 3Q25, the telecommunications segment recorded double-digit growth in revenue and PBT, touching VND5,257 billion (+15% YoY) and VND1,132 billion (+25% YoY), respectively. In the future, the new data center project, when put into operation, is expected to contribute significantly to the segment, maintaining a revenue growth rate of 9-12%.

### Education sector: It is facing short-term challenges while new curriculums need time to prove effectiveness

FPT's education and investment revenue is forecast to increase by 7%/14% YoY in 2025/2026, equivalent to VND6,557/7,489 billion due to competitive pressure to expand targets from public competitors. Meanwhile, new curriculums are a long-term strategy and are expected to attract more students.

### Valuation: BUY – Target price VND121,800/share

Based on FCFF and P/E valuations, business prospects, and potential risks, we recommend BUY for FPT stock with the target price of VND121,800.

**Buy** maintain

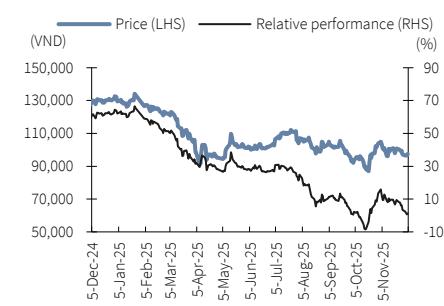
Target price	VND121,800
Upside	24.9%
Current price (Dec 4, 2025)	VND 97,500
Consensus target price	VND 121,700
Market cap (VNDtn/USDbn)	164.6/6.2

Trading data	
Free float	89.5%
3M avg trading value (VNDbn/USDbn)	772.3/30.9
Foreign ownership	38.9%
Major shareholder	Truong Gia Binh (6.99%)

Share price performance (%)	1M	3M	6M	12M
Absolute	-6.5	-9.5	-10.9	-19.3
Relative	-9.6	-30.3	-37.7	-48.3

### Forecast earnings & valuation

FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	52,618	62,849	69,561	77,053
Operating income/loss (VNDbn)	7,788	9,420	11,223	13,155
NPAT-MI (VNDbn)	6,465	7,849	9,349	10,958
EPS (VND)	5,091	5,335	6,355	7,449
EPS growth (%)	5.2	5.0	19.0	17.0
P/E (x)	23.9	22.8	19.2	16.4
P/B (x)	5.2	5.0	4.2	3.4
ROE (%)	26.0	26.3	26.0	25.1
Dividend yield (%)	2.3	2.4	2.4	2.4



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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