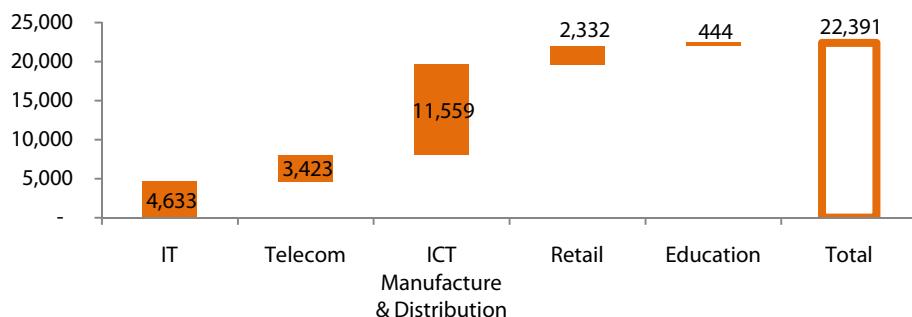


FPT GROUP (FPT – HNX)

Slowly toward the finish line

FPT recognized VND22,931 bn of revenue and VND2,052 bn of profit-before-tax for the past ten months, up by 14% yoy and 5% yoy respectively. Business segments such as IT and telecom services have been able to maintain the positive growth seen in previous months and continue play key roles in FPT's revenue and profit. Furthermore, the retail business also has performed well as a number of retail shops have opened earlier and been running more efficiently than expected.

Graph 01. Ten-month revenue of business segments (VND bil)



Source: FPT, Rongviet Securities database

The IT segment maintains profit growth thanks to software development. Software development was up by 24% yoy in revenue and 30% yoy in PBT, mostly thanks to software outsourcing. Thanks to satisfactory results in the two key markets, Japan and the US, software outsourcing has been seen with robust growth. Ten-month revenue reached VND1,701 bn and PBT VND383 bn, which accounted for 37% and 53% of total IT revenue and PBT respectively. For the past ten months, IT's revenue was VND4,633 bn, up by 21% yoy and PBT VND679 bn, up by 16% yoy.

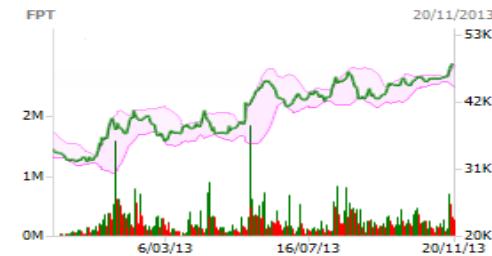
Led by telecom service, FPT Telecom has achieved more than 82% its revenue and PBT target. The growth of telecom service has been kept stable thanks to fast increases in the number of subscribers and demand for telecom infrastructures such as leased line, data center service.... With revenue growing at 17% yoy and PBT annual growth at 24% yoy, the telecom service made up 80% to FPT Telecom's total revenue and PBT. Meanwhile, due to macro difficulties in the economy and tight control of online game by the MIC, online services has not been performing very well and may not meet its FY2013 guidance. After ten months, FPT Telecom's revenue was posted at VND3,423 bn (up by 10% yoy) and PBT at VND877 bn (up by 12% yoy).

Particulars (VND bn)	3QFY13	2QFY13	% Chg. (qoq)	3QFY12	% Chg. (yoy)
Net revenue	7,512	3,656	-22.0%	5,939	0.2%
NPAT	331	445	-38.9%	338	-1.3%
EBIT	596	732	-39.1%	619	-10.6%
EBIT margin	7.9%	20.0%	-1209 bps	10.42%	-249 bps

Source: FPT Financial statement, RongViet Securities' compilation and estimates

ACCOMULATE

CMP (VND)	48,100
Target Price (VND)	58,000
Investment Period	Longterm
Stock Info	
Sector	Technology
Market Cap (VND bn)	13,237
Beta	0.97
Free float (%)	77.41
52 weeks High	48,300
52 weeks Low	30,500
Avg. Daily Volume (in 20 sessions)	225,350



Performance (%)

	3M	1Y	3Y
FPT	2.8	50.8	-2.6
Technology			
VN30 Index	1.6	24.5	n/a
VNIndex	0.1	31.3	18.6

Shareholders pattern (%)

Truong Gia Binh	7.1
State capital investment Co, Ltd (SCIC)	6.1
Red River Holding	5.7
Bui Quang Ngoc	3.7
Foreigner Investor Room (%)	0.0

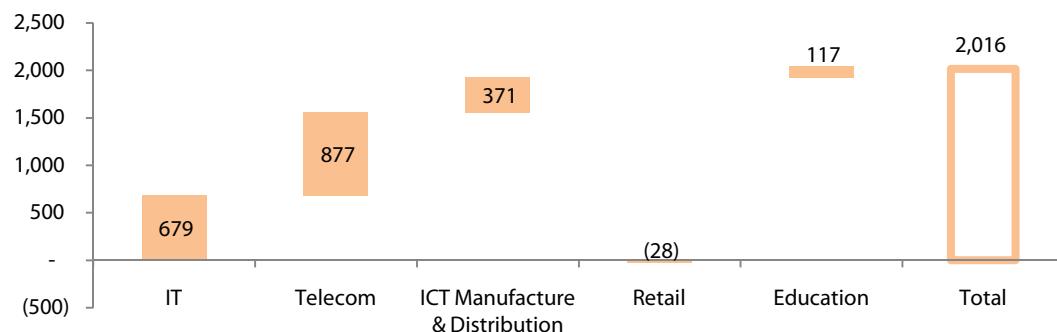
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The increase of shops and the better-than-expected of business boost the retail segment over its FY2013 target. An additional 37 shops open for business in the first ten month of 2013 raised the total shop counts of FPT to 87, and help lift retail revenue to VND2,332 bn or 10% to FPT's total revenue or 17% of its FY2013 guidance. Earlier this year, FPT planned a negative PBT of about VND38 for the retail segment. With total loss amount for the last ten months of VND28 bn, however, we expect the full-year loss is just about VND31 bn.

Graph 02. Ten-month PBT of business segment (VND bil)



Source: FPT, Rongviet Securities database

FPT Telecom consolidation and cable TV plans: no sooner than FY2014. Regarding to these two plans, we were able to obtain the latest update from FPT that the execution has been making very little progress. As for the consolidation of FPT Telecom, the Group has not received any feedback from SCIC. We think that no sooner than FY2014 will SCIC be able to reach a final decision. For the Cable TV business, FPT is still in the middle of its R&D process. Based on the Group's planning, the segment may start business in the second quarter of FY2014 for the earliest.

Outlook:

After ten months, FPT has fulfilled about 83% of its revenue and 78% of its PBT guidance. The Company's profit-after-tax reached VND1,267 bn, equivalent to EPS of VND4,617. As some segments are under cyclical effect such as system integration, software solution business and ITC distribution and retailing, FPT will likely meet its whole year revenue target. After considering the satisfying performance of retailing, we revise our forecasts for revenue to VND27,975 bn, which is 4% higher than target. The forecasted PBT is VND2,548 bn, which is 4% lower than guidance, and FY2013 PAT consequently is at VND1,624.5 bn, equivalent to EPS of VND5,900. Forward PE at current market price is 8.1x, quite attractive a industry leader and also a bluechip.

We maintain the target price VND58,000 from Oct 15th updated report. The market price, however, has been up by more than 7% since previous updated report. Therefore, we change our recommendation to ACCUMULATE from BUY for long-term investment.

Exhibit 01: Key financials

Y/E Sep (VND bn)	FY2011	FY2012	FY2013E	FY2014F
Net sales	25,370	24,594	27,975	31,493
% chg	26.7	-3.1	13.7	12.6
Net profit	1,682	1,540	1,625	2,298
% chg	33.0	-8.4	5.5	41.5
Net margin (%)	6.6	6.3	5.8	7.3
EPS (VND)	6,276	5,665	5,920	8,351
Book value (VND)	25,809	22,758	25,472	33,272
Dividend (VND)	2,000	2,000	2,000	2,000
P/E (x)*	7.7	8.5	8.1	5.8
P/BV (x)*	1.9	2.1	1.9	1.4
ROA (%)	11.3	10.8	10.5	11.8
ROE (%)	34.9	29.2	27.6	29.5

Source: NTP Financial statement, RongViet Securities' compilation and estimates, *As of 17/10/2013

BRIEF UPDATE

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective which is to determine the reasonable value of the stock at the time such analyses are performed. Through this report, we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedbacks and/or receive more information, investors may contact the assigned analyst or our client support department.

RATING GUIDANCE

Ratings Return Potential	BUY	ACCUMULATE	NEUTRAL	REDUCE	SELL
Intermediate- term (up to 6 months)	>20%	10% to 20%	-5% to 10%	-15% to -5%	<-15%
Long-term (over 6 months)	>30%	15% to 30%	-10% to 15%	-15% to -10%	<-15%

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The **Analysis and Investment Advisory Department** of RongViet Securities provides research reports on the macro-economy, securities market and investment strategy along with industry and company reports and daily and weekly market reviews

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