July, 2021

FPT CORPOPRATION (HSX: FPT)

Riding on the Tech Megatrend

(VND bn)	Q1-FY21	Q4-FY20	+/-(qoq)	Q1-FY20	+/-(yoy)
Net revenue	7,586	8,667	-12%	6,631	14%
PAT-MI	906	983	-8%	747	21%
EBIT	1,081	1,257	-14%	1,050	3%
EBIT margin	14.2%	14.5%	-26bps	15.8%	-159bps

Source: FPT, Rong Viet Securities

5M-2021 – Key Businesses Are Picking Up

- 5M-2021 revenue/PBT was VND13.3tn (USD583mn, +18.6% YoY)/ VND2.4tn (USD105mn, +21.8% YoY), slightly behind our expectations by completing 36%/40% of the forecasts due to lower-than-expected global IT services performance.
- Global IT services revenue growth came at 18% YoY in May, while domestic IT services continued to witness robust growth of 49% YoY. Large deals have improved profit margin for the technology segment (5M-2021 PBT margin 14.7%, +160bps YoY).
- The telecom segment revenue growth rate picked up in May to 20% YoY, following a moderated pace of 10% YoY in Q1-2021. Higher economies-of-scale, tight cost management, Pay TV's turnaround profitability have altogether propped up the segment's 5M-2021 PBT margin to 19.6% (+240 bps YoY).

2021F-22F Outlook – Riding on the Tech Megatrend

Tech segment: We expect strong corporate IT spending as the economy recovers and enables to keep demand healthy. We expect earnings growth of 26%/22% in 2021F/22F to VND2,816bn (USD123mn)/VND3,438bn (USD151mn).

Telecom segment: We believe that Pay TV and DC services will provide interestingly high-growth due to sequential improvement in profitability on the back of larger economies-of-scale and market demand, respectively. Along with stable growth in broadband services, PBT is projected to rise by 24%/17% in 2021F/22F to VND2,564bn (USD112mn)/VND3,007bn (USD132mn).

Overall, we forecast that revenue will amount to VND 34,510bn (USD 1,513mn)/VND41,063bn (USD1,800mn) (+16%/19%YoY), while NPAT will reach VND4,399bn (USD193mn)/VND5,240bn (USD230mn) (+24%/19% YoY) in 2021F/22F.

Valuation and recommendation

FPT has witnessed a strong rerating following recent acquisition deal with Base.vn. This enables its domestic IT services arm to strategically strengthen its dominant position with enhanced digital transformation (DX) applications ecosystem, better catering newly-tapped SMEs segment of which the demand for digital adoption is forecasted to be gigantic going forward. Meanwhile, FPT, with its continuously enhanced DX consulting and core technology capabilities, has positioned itself as a strategic digital partner of global clients in various stages of their DX progress.

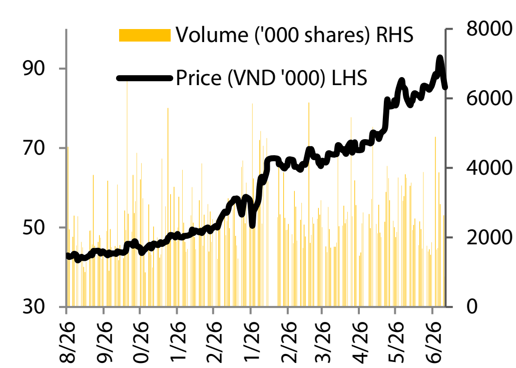
*We believe that the company will broadly benefit from the digital adoption megatrend in the next three to five years, and sustain its high projected growth of 17% over 2021F-23F. We recommend **BUYING** with a TP of VND108,800, implying 2021F/22F forward P/E of 22.5x/18.9x.*

BUY	+30%
Current market price (VND)	85,400
Target price (VND)	108,800
Cash dividend	2,000

Stock Info	
Sector	Computer Services
Market Cap (VND billion)	77,407
Current Shares O/S	907.5
Avg. Daily Volume (in 20 sessions)	2,306,990
Free float (%)	33.2
52 weeks High	92,700
52 weeks Low	36,825
Beta	1.08

	FY2020	Current
EPS	3,898	4,715
EPS Growth (%)	12.8	13.5
Diluted EPS	3,898	4,715
P/E	11.3	18.2
P/B	2.1	3.4
EV/EBITDA	5.8	10.6
Cash dividend yield (%)	3.9	2.3
ROE (%)	22.5	22.2

Price performance



Major Shareholders (%)	
Truong Gia Binh	7.1
SCIC	5.9
Macquarie Bank Limited EBU	4.7
Foreign ownership room (%)	0.0

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Exhibit 1: Q1-2021 Results

(VND Bn)	Q1-FY21	Q4-FY20	+/- (qoq)	Q1-FY20	+/- (yoy)
Net revenue	7,586	8,667	-12.5%	6,631	14.4%
Gross profit	2,895	3,471	-16.6%	2,624	10.3%
SG&A	-110	-497	-77.9%	-334	-67.2%
Operating income	3,004	3,967	-24.3%	2,958	1.6%
EBITDA	1,467	1,646	-10.8%	1,412	3.9%
EBIT	1,081	1,257	-14.0%	1,050	2.9%
Financial expenses	141	152	-7.2%	181	-22.0%
- Interest Expenses	*100*	*99*	*1.3%*	*100*	*0.2%*
Dep. and amortization	386	388	-0.5%	362	6.8%
Non-recurring items (*)					
Extraordinary items (*)					
PBT	1,397	1,447	-3.5%	1,142	22.3%
PAT	906	983	-7.8%	747	21.3%
(*) Adjusted PAT	906	983	-7.8%	747	21.3%

Source: FPT, Rong Viet Securities

Exhibit 2: Q1-2021 Performance Analysis

Particulars	Q1-FY21	Q4-FY20	+/- (qoq)	Q1-FY20	+/- (yoy)
Profitability Ratios (%)					
Gross Margin	38.2	40.0	-189bps	39.6	-143bps
EBITDA Margin	19.3	19.0	35bps	21.3	-196bps
EBIT Margin	14.2	14.5	-26bps	15.8	-159bps
Net Margin	11.9	11.3	60bps	11.3	68bps
Adjusted Net Margin	11.9	11.3	60bps	11.3	68bps
Turnover*(x)					
-Inventories	13	16	-3.3	13	0.0
-Receivables	4.9	5.7	-0.8	4.0	0.9
-Payables	2	2	-0.2	2	0.0
Leverage (%)					
Total Liabilities/Equity	116.4%	120.3%	-391bps	89.8%	2,658bps

*Source: Rong Viet Securities, * Annualized*

Exhibit 3: Q2-2021 Performance Forecast

Particulars (VND Bn)	Q2-FY21	+/- (qoq)	+/- (yoy)	Comments
Revenue	8,519	12.3%	22.1%	Revenue of F-soft/FIS is projected to reach VND3,408bn (USD149mn, +17% YoY)/VND1,468bn (USD 64mn, +45% YoY) as FPT delivers projects from signed deals in late 2020 to Q1-2021. We believe Revenue will be consolidated into FPT technology in June. Revenue of Telecom/Education and other segments are projected to reach VND3,169bn (USD139mn)/VND474bn (USD21mn) (+14% YoY/+71% YoY).
Gross profit	3,488	20.5%	28.1%	
EBIT	1,504	39.1%	36.4%	
PBT	1,552	11.1%	20.8%	PBT margin of tech / telecom segments are projected to be 16.5%/19.1% (+280bps YoY/+130bps YoY) thanks to a low base effect and product mix changes and PayTV's profitability.

Source: Rong Viet Securities

Update

5M-2021 revenue and PBT respectively posted VND13.3tn (USD583mn) (+18.6% YoY) and VND2.4tn (USD105mn) (+21.8% YoY), slightly behind our expectations by completing 36%/40% of the corresponding forecasts due to lower-than-expected global IT services performance.

- Global IT services revenue maintained its high growth seen in April with an 18% YoY rise in May, accelerating from a moderated 10% YoY level in Q1-2021 due to the underperformance of the Japanese market, while domestic IT services continued to witness robust growth of 49% YoY over the same period. Product mix changes have resulted in enhanced labor productivity and, thus, a higher profit margin for the technology segment (5M-2021 PBT margin 14.7%, +160bps YoY). There was just over VND1tn (USD 44mn) of signed revenue for offshore projects in May, up 68% YoY on the back of a low base effect. Besides, the same reason applied to onshore contracted revenue, which shot up 88% YoY in 5M-2021.

- The telecom segment revenue growth rate picked up in May, staying at 20% YoY, following a neutral pace of 10% YoY in Q1-2021. At the same time, higher economies-of-scale, tight cost management, pay TV's turnaround profitability, and the recovery of online advertising services have altogether propped up the profit margin to by 150bps to 19.3%.

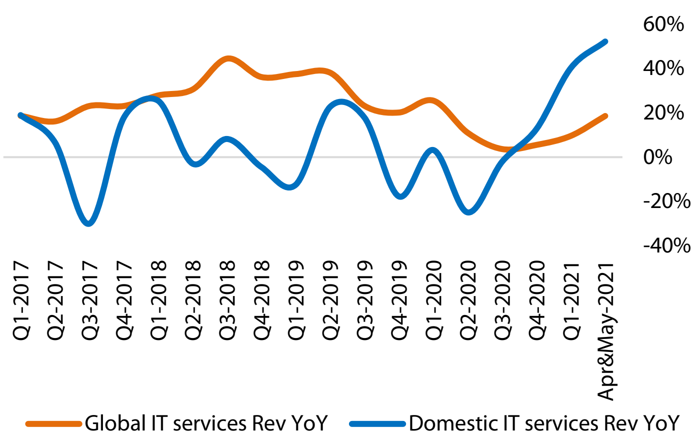
Table 1: 5M-2021 financial results

Unit: VND bn	5M-2021	YoY change	% Complete		Comments
			2021 Guidance	2021F	
Revenue	**13,279**	**18.6%**	**38%**	**36%**	
1. Technology	7,418	20.4%	38%	34%	
Global IT services	5,435	13.2%			On a monthly basis, global IT services revenue growth rate started to pick up at 18-19% YoY in April and May, following a sluggish Q1-2021 performance with overall growth rate of 10%. Still, 5M-2021 revenue growth rate was behind the 3Y CAGR of 29% for the first 5M over 2017-2020. While revenue recorded from the US and APAC markets have experienced robust growth of 34% YoY and 23% YoY respectively, sluggish performance in Japan and the EU weighed on overall revenue growth for 5M-2021. Japanese non-financial corporations extended cut on capital spending (including IT), which dropped by 7.8% YoY in Q1-2021, as they have been building up cash position and delaying capex plan to reinforce business safety amid weaker consumption demand due to the declared state of emergency in several prefectures. That said, signed revenue implies solid results ahead with total contracted revenue of more than VND7.4tn (USD 324mn)(+52% YoY) over the 5M-2021.
DX-related services	1,592	5.0%			DX Revenue growth cooled down, rising by only 5.0% YoY, despite growth momentum of Cloud and Low code technology. Besides, chip shortage has hindered automobile manufacturers to increase spending on DX projects related to autonomous cars, per FPT
Domestic IT services	1,983	46.0%			Last year's contracts in Q4-2020 kicked in, along with the low base effect, contributing to 5M-2021 strong growth momentum. Moreover, FPT successfully acquired a controlling stake in software-as-a-service startup named Base.vn in May, which provides an additional revenue for the segment, we believe. Also, FPT's renowned reputation as a leading IT services firm in Vietnam has helped the company to win many domestic deals amid ramping up local digital adoption demand. Notably, 5M-2021 domestically signed revenue, therefore, jumped by 87.5% YoY.
2. Telecom	5,054	12.9%	40%	58%	Broadband along with pay TV subscriber growth was maintained at double-digit growth owing to surging WFH and at-home entertainment demand induced by recent Covid resurgence. Besides, corporate's online marketing spending strongly rebounded.

3. Education & Others	808	43.3%	34%	34%	
PBT	**2,428**	**21.8%**	**39%**	**40%**	
1. Technology	1,088	35.2%	40%	37%	
Global IT services	881	18.1%			
Domestic IT services	207	251.5%			
2. Telecom	990	28.7%	42%	44%	
3. Education & Others	350	-16.5%	32%	42%	PBT of education, investments, and others decreased due to the losses of business lines that are still in investment phase.
NPAT-MI	**1,569**	**18.3%**			
PBT margin	18.3%	**49 bps**			
1. Technology	14.7%	160 bps			
Global IT services	16,2%	67 bps			Profit margin increased despite relatively flat DX services revenue. We attribute this improvement to enhanced labor productivity (higher hour rates for IT services) owing to the focus on higher value-added services such as DX consulting instead of merely software outsourcing.
Domestic IT services	10,4%	609 bps			Last year's low base and a more favorable mix of services offered with higher contribution of DX consulting and in-house IT products "Made-by-FPT" have propped up operating profit margin. Those software products, in fact, recorded a 2.5x increase over Q1-2021.
2. Telecom	19.6%	240 bps			Telecom segment benefited from (1) better economies of scales given growing internet as well as pay TV subscribers and accelerated growth for online advertising demand; (2) cost-saving initiatives.
Net margin	**11.8%**	**-3 bps**			

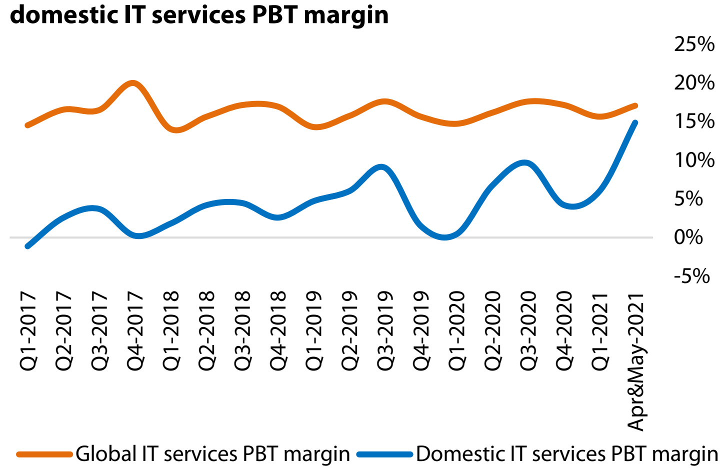
Source: FPT, Rong Viet Securities

Figure 1: YoY domestic IT services revenue growth started to pick up faster than global IT services revenue growth



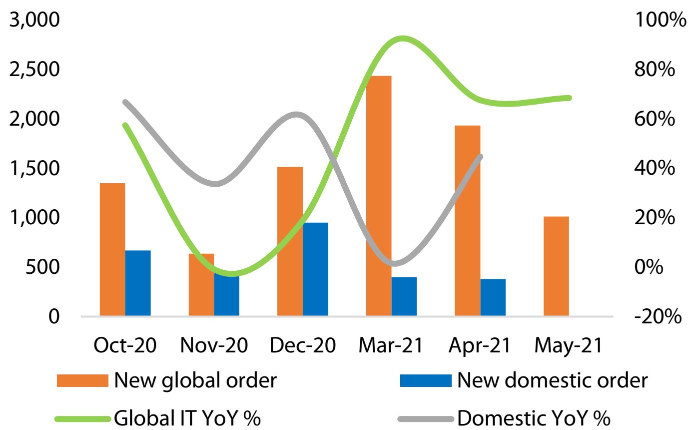
Source: FPT, Rong Viet Securities

Figure 2: Made-by-FPT software solutions have boosted domestic IT services PBT margin



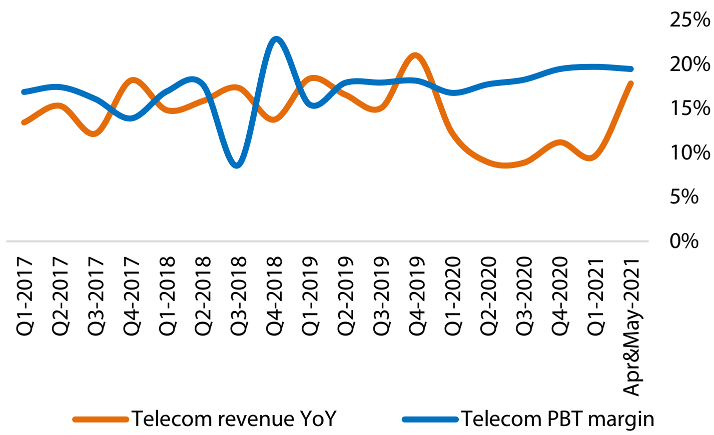
Source: FPT, Rong Viet Securities

Figure 3: Signed revenue of global and domestic IT services (VND bn, LHS)



Source: FPT, Rong Viet Securities

Figure 4: Telecom revenue growth rose on the back of a low base effect while PBT margin has gradually improved



Source: FPT, Rong Viet Securities

2021F-22F Forecast

Global IT services

Accelerated pace of digital adoption demand will underpin long-term growth

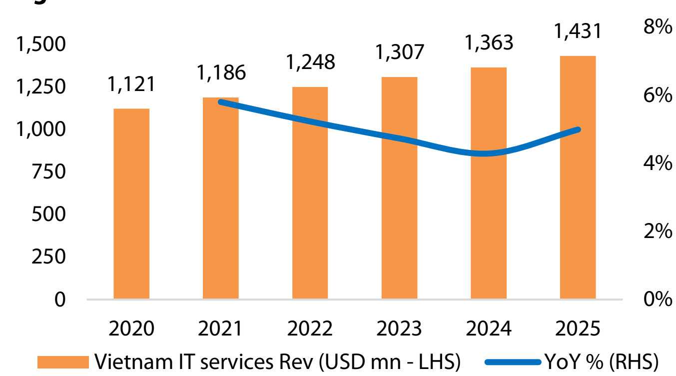
Per Gartner, CIOs will expand IT expenditures consistent with higher level of growth expectation and certainty about the economy especially when Covid-19 vaccine is being rapidly deployed, underpinning worldwide IT services spending to positively rebound to over USD1.1 trillion in 2021F, up 9.0% YoY, and nearly USD1.2 trillion in 2022F, up 7.3% YoY (Table 2). As corporations across industries will continue to promote IT services outsourcing (Appendix 1), inclined toward digital transformation (DX) and costs optimization trend, to enhance existing business processes to eventually improve customer interaction, productivity and business resilience, IT services demand will be upholding fast growth over the next three to five years. Direct expenditure on DX, which has accelerated largely since the pandemic, is forecasted to rise with a CAGR of 15.5% in the period of 2020-23F, reaching USD6.8 trillion, per IDC.

Table 2: Global IT spending forecasts

	Spending (USD bn)			Growth (%)		
	2020	2021F	2022F	2020	2021F	2022F
Data center systems	220	237	248	2.3	7.7	4.5
Enterprise software	467	517	572	-2.1	10.8	10.6
Devices	663	756	779	-6.9	14.0	3.1
IT services	1,021	1,113	1,193	-1.8	9.0	7.3
Communications services	1,386	1,450	1,505	-0.7	4.6	3.7
Overall IT spending	**3,757**	**4,073**	**4,296**	**-2.2**	**8.4**	**5.5**

Source: Gartner (April 2021)

Figure 5: Vietnam IT services revenue forecast



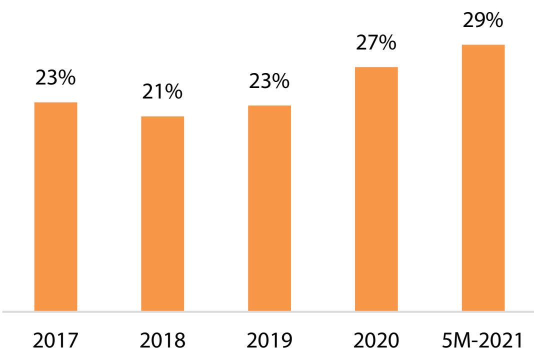
Source: Statista (December 2020)

Additionally, businesses will surely look for IT vendors that have right capabilities and cost effectiveness without compromising output quality as they always have been. As Vietnam, with a young labor force, rapid new technologies adoption capability, and especially its competitive costs, is ranked 6th in the list of best countries for software outsourcing (Appendix 2) in 2021, we believe Vietnam IT industry, in general, will likely capture the massive global IT services spending going forward. Such a trend will mostly benefit FPT Software, a leading Vietnamese software outsourcing vendor who recently put strong effort on enhancing its tech capabilities encompassing of expanding and promoting comprehensive DX services and solutions, from consulting to deployment. Also, FPT has been focusing on developing emerging technology solutions and platforms such as RPA, Lowcode, AI, Blockchain, along with transformation and operational management services of Cloud computing and IT infrastructure (Appendix 3), all of which are gaining solid ground in this DX wave.

Increased medium-term visibility of revenue

One of the key results of FPT's success in to capture strong demand of enterprise IT spending following its attempt to enhance its core technology. Capabilities has been evidenced in the share of revenue from DX related services and the number of semi-mega deals (USD500k + in total contract value, TCV), mega deals (USD 1mn + in TCV) and notably large deals (USD5mn + in TCV) over the last two years. Another result is the quantity increase of FPT's top clients at the same time, as they became strategic vendor of large enterprises across industries. This cements medium-term revenue visibility and our positive view on FPT's ability to successfully win bid in DX projects going forward.

Figure 6: Share of DX related services in F-Soft is rising



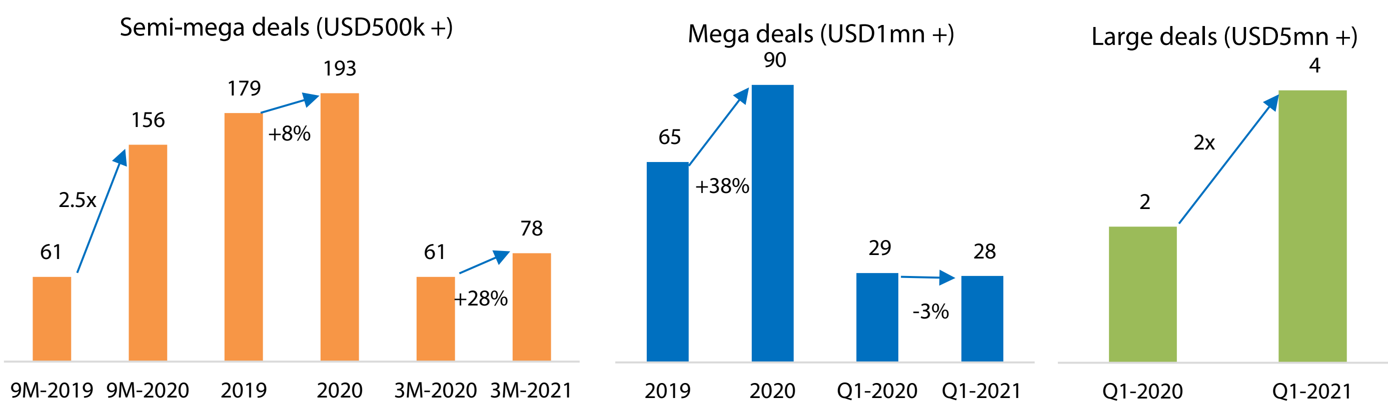
Source: FPT, Rong Viet Securities

Table 3: Number of clients with large revenue signed

	2016	2017	2018	2019	2020
No of customers with >USD20mn in sales account	0	0	2	2	1
No of customers with >USD10mn in sales account	3	5	6	7	5
No of customers with >USD5mn in sales account	13	10	13	19	14
No of customers with >USD1mn in sales account	45	60	70	96	118

Source: FPT, Rong Viet Securities

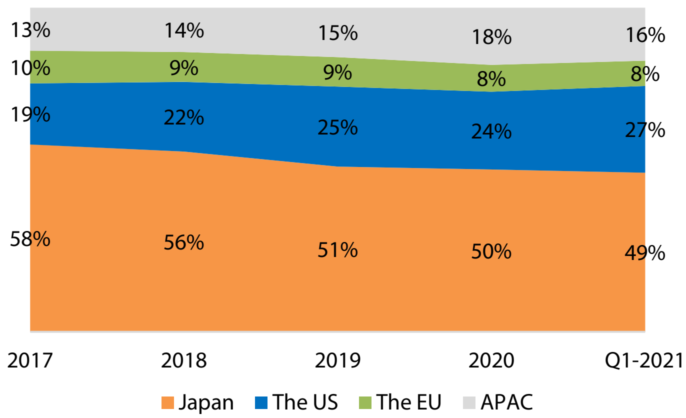
Figure 7: Number of large deals won by FPT in the same period over the last two years



Source: FPT, Rong Viet Securities

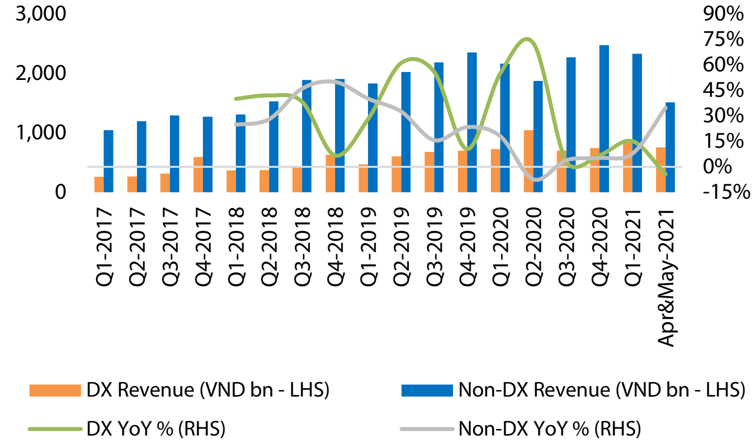
… but Japanese market slowdown is a critical factor to watch for. We concern that the affected IT demand in Japan, the largest market of F-Soft, may drag technology segment's short-term performance, since OECD cut Japanese economic growth projection due to the resurgence of coronavirus infections and the nation's slow vaccine rollout. Nevertheless, the economy is expected to recover in and after Q3 of 2021, due to the vaccine roll out, the recovery of external demand, and automobile production, which should lead to a pick up in businesses' spending including IT services over the period.

Figure 8: Japanese firms' contribution to F-Soft revenue has waned but still significant



Source: FPT, Rong Viet Securities

Figure 9: Recent quarterly YoY growth of DX has cooled down due to the largest customer market



Source: FPT, Rong Viet Securities

Domestic IT Services

Base.vn acquisition to fulfill FPT's customer base and DX platform, creating strong synergies to promote long-term outlook

In early May, FPT announced its majority-stake-acquisition in Base.vn, a leading Software-as-a-Service (SaaS) startup in Vietnam that specializes in providing cloud-based applications that help SMEs in business processes, projects management and human resource management. Basically, those applications allow managers to control the business more easily through real intuitive data, thereby making recommendations, decisions to increase work efficiency, reduce costs (time, human, material), in order to increase revenue and profit.

We believe that the deal will further cement FPT's leading position in local DX market of which the demand from more than 800,000 SMEs is potentially huge, before it reaches global clients, as it will benefit FPT in the following perspectives:

- **Rapidly tapping into new customer base:** While FPT's previous domestic strategy was to focus on large enterprises in the VNR 500, the handshake with Base is seen as a shortcut for FPT to quickly expand the SMEs customer base, given that Base is currently catering more than 5,000 clients across industries and sizes. In other words, there will be a larger DX ecosystem for FPT to exploit.
- **Enriching product portfolio and DX platform for SMEs:** This partnership allows the two companies to integrate all of their software/applications on All-in-one platform, thanks to the open nature of these products, in order to establish comprehensive DX solution bundles that uniformly suit the needs of SMEs, which FPT is still lacking. At the same time, Base.vn products will also inherit the latest core technologies from FPT such as FPT.AI, Blockchain, Cloud to provide even more effective solutions.
- **More stable revenue stream along with higher profit margin:** Base's applications will enrich FPT's DX product portfolio toward subscription-based given its cloud computing platform, which will generate a more stable recurring revenue stream going forward. Additionally, the cooperation shows FPT's intense focus on strategically developing IT services for domestic market by enhancing "Made by FPT" products portfolio, which will be more rewarding than relying on hardware sales and system integration as previously.

Telecom segment

Pay TV and DC to provide high growth opportunities in the coming years

We expect telecom segment arm of FPT, will maintain PBT growth of 20% per annum in 2021-22F, mainly driven by Pay TV and DC services.

- **Pay TV**: With the developing content strategy, FOX has secured the AFC rights through a competitive tender process in October 2020. The deal will allow FPT Telecom to provide extensive coverage of Vietnamese national team, and clubs matches in major AFC competitions, and especially the AFC Asian Qualifiers – of 2022 World Cup. As Vietnam advanced to the third qualifying round of the 2022 World Cup, we believe those broadcasting rights will further benefit FOX via media redistribution and advertisement revenue streams, besides organic growth fueled by new internet subscribers who opt for FOX's internet + Pay TV combo.
- **Data center (DC)**: Aiming to become the largest player in Vietnam's DC market, FPT has been ramping up its DC capacity in recent years capture the booming market demand driven robust DX trend including cloud applications adoption. In particular, two new

DC clusters in Tan Thuan, HCMC and Pham Van Bach, Ha Noi were put into use since Q3-2020, and currently running at 30-40% of the total designed capacity of up to 2,300 rack cabinets (1.8x higher than current capacity of 1,250 racks which are near fully exploited). We expect these two centers will be fully utilized by 2023F. Moreover, FOX topped out its largest DC project, also the largest one in Vietnam, located in the High-tech Park in District 9, HCM City (maximum capacity of 3,600 rack cabinets) in October, 2020. We expect the project will be put into operation in 2023F after Tan Thuan 1B DC cluster reaches high utilization.

Figure 10: FOX's High-tech Park DC project construction progress in Oct-2020

Source: FPT, Rong Viet Securities

Figure 11: FOX's High-tech Park DC project topping out ceremony in late Oct-2020

Source: FPT, Rong Viet Securities

- **Broadband services,** which accounts for ~60% of revenue and ~70% PBT of FOX, a telecom arm of FPT, will continue its stable growth trajectory with 10% per annum in revenue and PBT over 2021-22F. We expect FOX to keep its profit margin as higher economies-of-scale and tight cost management will compensate for the lower ARPU. FPT has expanded to lower tier regions, and the global chip shortage issue, which may dent the profit margin due to pushed up input prices of data equipment.

Table 4: 2021-22F Forecast revision

Unit: VND bn	2021F Old	2021F New	% Change	YoY %	2022F	YoY %
Total revenue	**36,882**	**34,510**	**-6.4%**	**15.7%**	**41,063**	**19.0%**
1. Technology	21,720	19,246	-11.4%	14.5%	22,954	19.3%
2. Telecom	12,797	13,393	4.7%	16.8%	15,864	18.5%
3. Education and other	2,365	1,871	-20.9%	20.0%	2,245	20.0%
PBT	**6,115**	**6,552**	**7.1%**	**24.5%**	**7,794**	**19.0%**
1. Technology	2,918	2,816	-3.5%	25.9%	3,438	22.1%
2. Telecom	2,238	2,564	14.6%	23.6%	3,007	17.3%
3. Education and other	841	1,171	39.2%	23.3%	1,349	15.2%
NPAT-MI	**4,265**	**4,399**	**3.1%**	**24.4%**	**5,113**	**19.1%**

Source: Rong Viet Securities

Valuation

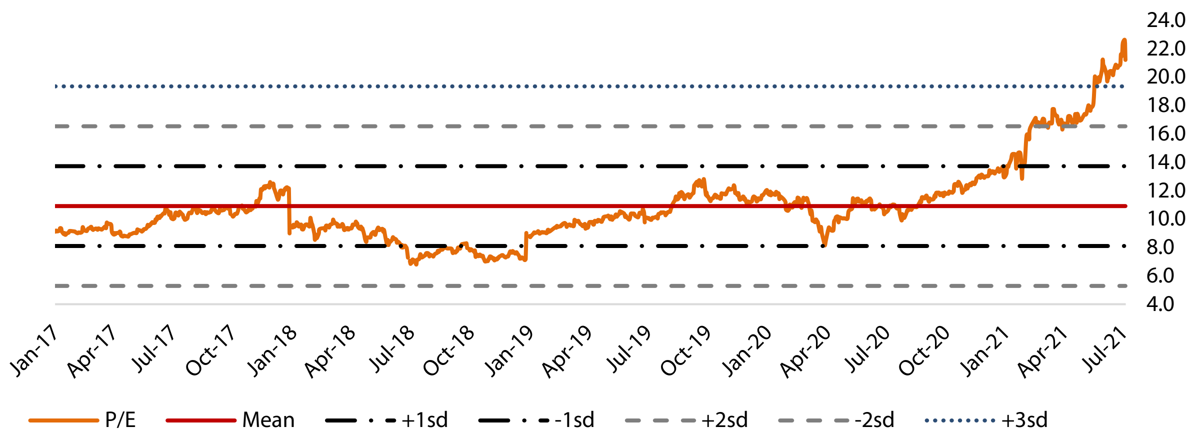
Our one-year target price of VND108,800 is based on the SoTP approach with target P/E multiples (as shown in the table below) for respective segments are referenced to their projected profit's 3Y CAGR. Accordingly, we project that NPAT's 3Y CAGR over 2021F-24F of F-Soft/FIS/FOX/FOC/FPT Education will reach 30%/20%/18%/10%/20%, respectively.

Table 5: SoTP valuation summary

Unit: VND bn	2021F NPAT*	2022F NPAT*	Target P/E	Fair equity value @ 2022F NPAT
1. 1. Technology	**2,232**	**2,725**		**63,354**
Global IT services	1,834	2,248	25x	56,192
Domestic IT services	398	477	15x	7,161
2. Telecom	**1,846**	**2,165**		**15,113**
FOX	1,623	1,920	15x	13,145
FOC	223	246	10x	1,968
3. FPT Education and others	**809**	**946**		**15,070**
FPT Edu	524	629	20x	12,580
Other JVs	285	317		2,490
4. Net cash				**2,741**
5. TPB Stake @ market price				**2,432***
Total				**98,710**
Total no of outstanding share (mn)				907.5
Implied target price				**108,800**
Implied 2021F P/E				22.5x
Implied 2022F P/E				18.9x

*Source: Rong Viet Securities; * market price as of July 6th, 2021*

Figure 12: FPT has seen quite a strong rerating



Source: Bloomberg, Rong Viet Securities

Table 6: Industry peers

Company	Country	Market cap (USD mn)	2020 Sales (USD mn)	2020 PBT (USD mn)	2017-20 Sales 3Y CAGR (%)	2017-20 EPS 3Y CAGR (%)	2017-20 Avg PBT Margin	2020 ROE (%)	Div yield	P/E Trailing (x)	P/E Forward (x)
FPT	**VN**	**3,378**	**1,284**	**262**	**-11.2**	**5.3**	**17.0**	**23.6**	**2.0**	**20.9**	**15.1**
Global IT services peers (Large-sized)											
Cognizant	US	36,249	16,652	2,376	4.0	0.5	16.5	15.3	1.3	22.3	17.3
Accenture	IR	193,958	44,327	6,442	6.4	13.0	14.4	30.9	1.1	36.1	34.6
Capgemini	FR	32,727	18,094	1,761	8.2	5.4	10.2	14.8	1.2	28.7	21.4
Atos	FR	6,786	12,766	838	-2.3	-4.1	6.8	9.2	1.7	10.3	7.5
Samsung SDS	SK	12,803.1	9,354.4	770.0	5.8	-5.8	9.3	9.9	1.3	23.1	20.1
TCS	IN	161,370	22,119	6,044	10.1	8.9	27.5	38.0	1.2	37.6	30.4
Infosys	IN	89,019	13,536	3,592	12.5	8.7	25.6	27.3	1.7	34.3	29.6
Wipro	IN	39,024	8,345	1,834	4.4	14.8	20.1	19.1	0.2	27.8	25.5
HCL	IN	35,274	10,155	2,122	14.3	9.5	20.5	19.9	2.7	23.7	19.1
Mean		**36,249**	**13,536**	**2,122**	**6.4**	**8.7**	**16.5**	**19.1**	**1.3**	**27.8**	**21.4**
Median		**67,468**	**17,261**	**2,864**	**7.0**	**5.7**	**16.8**	**20.5**	**1.4**	**27.1**	**22.8**
IT services peers (Mid-sized)											
L&T Infotech	IN	9,399	1,667	349	19.2	19.6	20.3	30.5	1.0	36.3	32.1
Persistent	IN	2,978	564	76	11.3	13.4	13.0	17.4	0.5	49.4	38.3
Mindtree	IN	5,599	1,073	190	13.4	25.2	13.5	n.a	1.0	n.a	31.0
Mphasis	IN	5,324	1,310	220	14.1	15.1	16.6	19.7	1.6	32.7	27.6
Coforge	IN	3,398	628	80	n.a	17.8	n.a	18.7	0.3	56.0	38.3
Shenzhen DAS	CH	1,100	466	49	7.7	0.4	9.1	10.7	1.1	20.5	n.a
China Transinfo	CH	3,921	1,367	130	20.7	19.5	11.1	7.9	0.4	22.0	19.8
DHC Software	CH	3,704	1,330	82	7.9	-5.8	7.8	5.1	0.6	47.5	32.1
F-Soft	**VN**	**n.a**	**517**	**85**	**24.3**	**22.6**	**16.1**	**n.a**	**n.a**	**n.a**	**n.a**
Mean		**3,813**	**1,192**	**106**	**13.4**	**16.5**	**13.0**	**17.4**	**0.8**	**36.3**	**32.1**
Median		**4,428**	**1,051**	**147**	**13.5**	**13.2**	**13.1**	**15.7**	**0.8**	**37.8**	**31.3**
Telecom											
China Telecom	CH	29,381	57,098	5,260	2.4	4.2	8.1	7.7	4.4	9.2	8.6
Telkom Indonesia	ID	20,753	9,378	2,702	2.1	-2.1	28.0	19.8	5.5	14.4	13.2
KT Corp	SK	7,515	20,307	982	0.7	11.3	4.5	6.5	4.1	10.5	10.2
PLDT inc	PH	5,687	3,650	629	4.4	22.1	17.2	20.7	5.9	11.7	9.8
Telekom Malaysia	MA	5,455	2,581	307	-3.6	3.0	10.4	17.1	2.4	19.0	20.0
Tata Communications	IN	5,185	2,304	215	0.6	n.a	4.2	n.a	1.0	31.0	26.3
True Corp	TH	3,261	4,421	-188	-0.3	14.5	1.8	-5.5	2.2	172.7	n.a
Time Dotcom	MA	2,039	291	101	12.4	21.9	31.9	11.4	2.4	26.3	22.5
Kazakhtelecom	KZ	845	1,278	232	35.9	36.9	20.9	15.5	5.5	5.5	n.a
Thaicom	TH	377	114	25	-19.0	-53.1	7.0	4.3	1.8	29.1	140.5
FOX	**VN**	1,129	494	89	14.4	18.1	17.3	30.0	3.2	18.4	n.a
Mean		**5,185**	**2,581**	**232**	**2.1**	**12.9**	**10.4**	**13.4**	**3.2**	**18.4**	**16.6**
Median		**7,421**	**9,265**	**941**	**4.6**	**7.7**	**13.8**	**12.8**	**3.5**	**31.6**	**31.4**

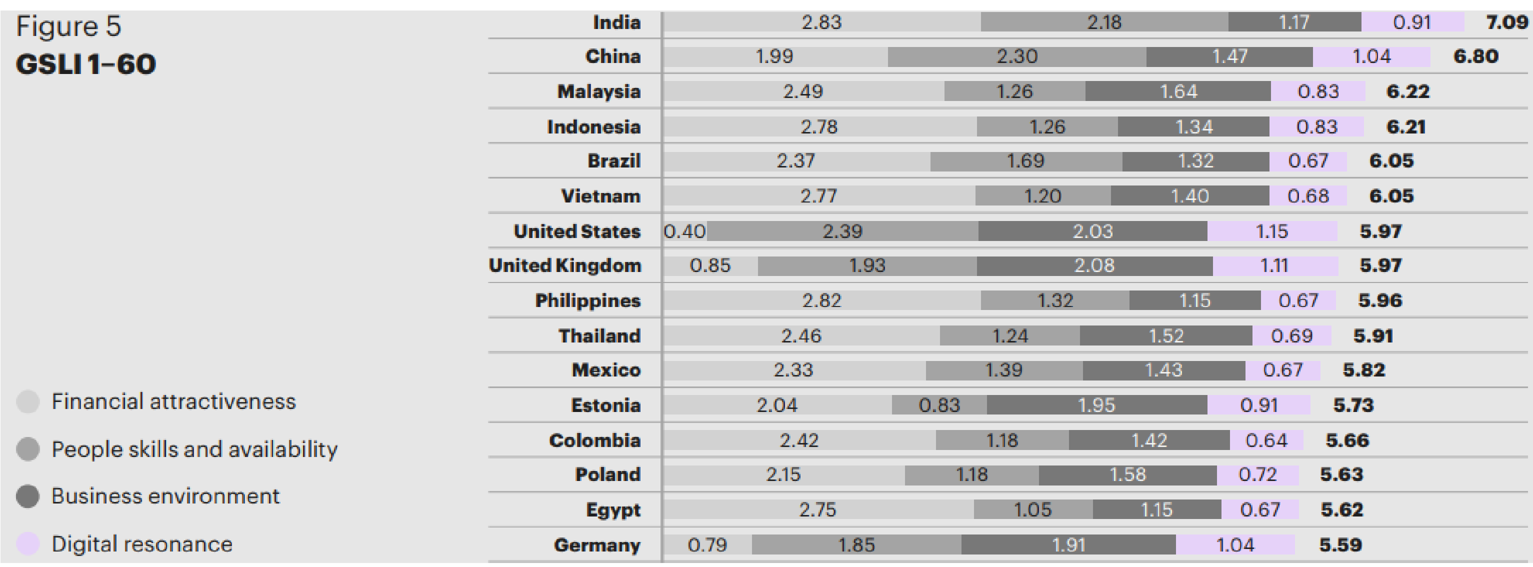
Source: Bloomberg, as of July 6th, 2021

Appendix

Appendix 1: Digital investment across industries has surged in recent years

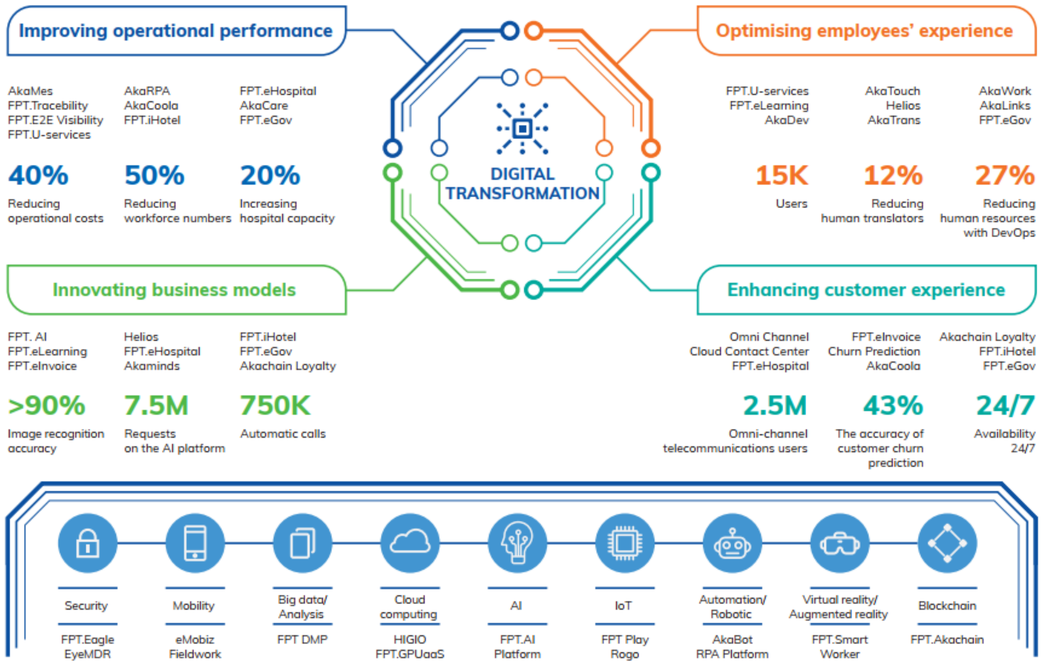
Source: Pitchbook, AT Kearney; AI is artificial intelligence. ML is machine learning. AR is augmented reality. VR is virtual reality

Appendix 2: Vietnam is 6th on the AT Kearney's top most attractive software outsourcing countries thanks to its cost advantage



Source: AT Kearney

Appendix 3: The DX platforms and solutions ecosystem of FPT



Source: FPT

Appendix 4: The applications ecosystem of Base.vn

Source: Base.vn

VND Billion

INCOME STATEMENT	FY2019	FY2020	FY2021F	FY2022F
Revenue	27,717	29,830	34,510	41,063
COGS	17,006	18,015	20,579	24,424
Gross profit	**10,711**	**11,816**	**13,932**	**16,640**
Selling Expense	2,341	2,713	2,933	3,490
G&A Expense	4,252	4,501	5,004	5,954
Finance Income	690	822	947	1,078
Finance Expense	628	548	752	875
Other profits	80	73	50	50
PBT	**4,665**	**5,261**	**6,552**	**7,794**
Prov. of Tax	753	839	1,123	1,341
Minority's Interest	776	885	1,029	1,213
PAT to Equity S/H	**3,135**	**3,538**	**4,399**	**5,240**
EBIT	4,118	4,602	5,994	7,195
EBITDA	5,462	6,093	7,839	9,188

%

FINANCIAL RATIO	FY2019	FY2020	FY2021F	FY2022F
Growth (%)				
Revenue	19.4	7.6	15.7	19.0
Operating Income	32.1	11.8	30.2	20.0
EBITDA	27.6	11.6	28.6	17.2
PAT	19.9	12.8	24.4	19.1
Total Assets	12.3	25.0	17.8	17.2
Equity	12.1	12.7	25.7	17.2
Profitability (%)				
Gross margin	38.6	39.6	40.4	40.5
EBITDA margin	19.7	20.4	22.7	22.4
EBIT margin	14.9	15.4	17.4	17.5
Net margin	11.3	11.9	12.7	12.8
ROA	9.4	8.5	8.9	9.1
ROE	22.5	22.5	22.2	22.6
Efficiency				(times)
Receivable Turnover	4.2	4.8	5.0	5.0
Inventory Turnover	13.2	14.0	14.0	14.0
Payable Turnover	2.1	1.9	2.0	2.0
Liquidity				(times)
Current	1.2	1.2	1.4	1.5
Quick	1.1	1.1	1.3	1.4
Finance Structure (%)				
Total Debt/Equity	56.3	80.9	75.2	75.4
Current Debt/Equity	53.8	76.6	70.5	71.7
Long-term Debt/Equity	2.5	4.3	4.7	3.8

VND Billion

BALANCE SHEET	FY2019	FY2020	FY2021F	FY2022F
Cash and cash equivalents	3,453	4,685	7,705	13,812
Short-term investments	6,709	12,436	16,167	16,975
Accounts receivable	**6,536**	**6,263**	**6,902**	**8,213**
Inventories	1,284	1,290	1,470	1,745
Other current assets	996	934	1,028	1,131
Property, plant & equipment	7,949	9,596	9,344	8,936
Acquired intangible assets	1,420	1,295	1,203	1,118
Long-term investments	2,497	2,606	2,855	3,132
Other non-current assets	2,550	2,644	2,512	2,562
Total assets	**33,394**	**41,749**	**49,187**	**57,624**
Accounts payable	8,049	9,699	10,289	12,212
Short-term borrowings	7,514	12,062	13,955	16,605
Long-term borrowings	350	678	928	878
Other non-current liabilities	143	87	95	105
Bonus and Welfare fund	539	620	772	919
Technology-science, dev. fund	0	0	0	0
Total liabilities	**16,595**	**23,147**	**26,039**	**30,718**
Common stock and APIC	6,834	7,890	9,125	9,125
Treasury stock (enter as -)	-1	-1	-1	-1
Retained earnings	5,961	6,391	9,194	12,588
Other comprehensive income	861	1,021	1,021	1,021
Inv. and Dev. Fund	308	441	441	441
Total equity	**13,961**	**15,741**	**19,780**	**23,174**
Minority Interest	**2,835**	**2,859**	**3,368**	**3,732**

VALUATION RATIO (*)	FY2019	FY2020	FY2021F	FY2022F
EPS (VND)	4,622	4,512	4,828	5,751
P/E (x)	10.5	11.3	18.0	15.1
BV (dong)	20,479	20,078	21,795	25,535
P/B (x)	1.7	2.1	4.0	3.4
DPS (dong/cp)	2,000	2,000	2,000	2,000
Dividend yield (%)	4.8%	3.9%	2.3%	2.3%

VALUATION MODEL	Price	Weight	Average
SoTP	108,800	100%	108,800
Target price (VND)	**108,800**	**100%**	**108,800**

VALUATION HISTORY	Price	Recommendation	Period
7/7/2021	108,800	BUY	Long-term
12/9/2020	61,304	BUY	Long-term
11/27/2020	54,870	ACCUMULATE	Long-term

RESULT 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 that 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.

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Ratings	BUY	ACCUMULATE	REDUCE	SELL
Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-20% to -5%	<-20%

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