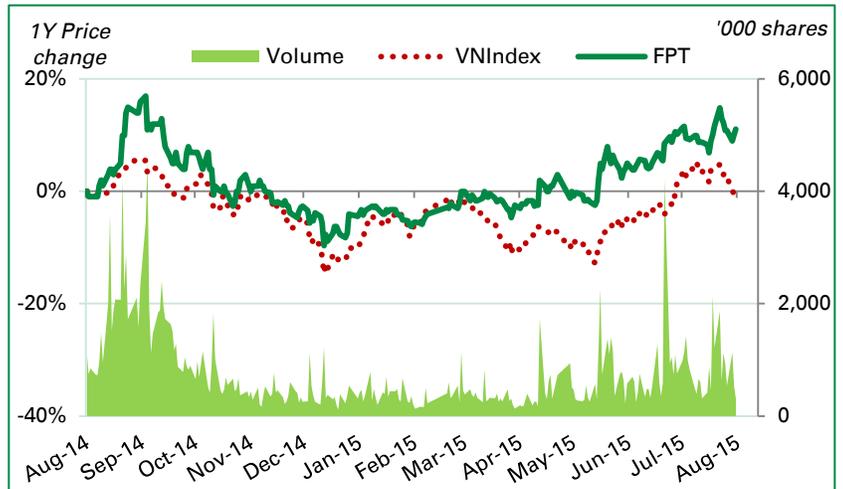




COMPANY UPDATE: BUY

Current price (08/06/2015):	VND	46,800	
Long-term value:		Under-valued	
Target price:	VND	55,500	
Short-term trend: NEUTRAL			
Mid-term resistance level:	VND	49,500	
Mid-term support level:	VND	44,500	
Bloomberg ticker: FPT VN	Exchange:	HSX	
Industry: Information, Communication & Technology			
Beta:		1.06	
52w High / Low (VND'000)		49.9 / 38.6	
Outstanding shares (mn)		397	
Market cap (VNDbn / USDmn)		18,598 / 853	
Free-float ratio (%)		45.9%	
LTM Avg daily trading vol		751,613	
Foreign-owned ratio (%)		49.0%	
Year	Dividend (VND)	Dil. EPS (VND)	
2016 VPBS Forecast	2,500	5,702	
2015 VPBS Forecast	2,300	4,667	
2014	2,000	4,107	
2013	1,500	4,046	
	2010-14	2015E	2015 – 19
	CAGR	(VND bn)	CAGR
Net revenues	10.3%	38,782	12.0%
EBITDA	5.0%	3,957	12.2%
Net income	5.2%	1,855	18.1%
Ratio *	FPT	VNI	
2015 P/E	10.0x	14.0x	
LTM P/E	10.8x	12.2x	
2014 Debt/Equity	86.8%	114.2%	
2014 Net margin	5.0%	9.5%	
2014 ROE	20.6%	14.5%	
2014 ROA	9.2%	2.7%	

* Please see page 12 for peer comparison per segment



Our recommendation for FPT is **BUY** in the next 12-months with a revised 2015 target price of **VND55,500** (18.5% upside). Our increased target price primarily resulted from giving more weight to the sum-of-the-parts valuation approach.

Investment considerations:

- ❖ We predict strong earnings growth in 2015: For 2015, we maintain our predictions that FPT's consolidated revenue will grow by 18.8% (2014: 20.8%) while net profit will grow by 13.6% (2014: 1.5%).
- ❖ Key segments will still outperform in upcoming years: We believe that software outsourcing (revenue +43% in 1H2015), telecommunication (+28%), distribution (+23%) and retailing (+63%) segments will maintain growth momentum in the next three years thanks to favorable business conditions.
- ❖ We predict net profit growth of 22% in 2016: Profit growth will come mainly from growths in the aforementioned segments and from lower depreciation expenses for the telecommunication segment in 2016. We noted that FPT is currently trading at 8.2 times 2016 EPS – quite cheap for a blue chip stock that has solid earning growths.

Technical analysis:

- ❖ In the short term, FPT is in a correction phase after hitting its six-month high at VND49,500. It is trading below the short-term moving average curves, such as the MA5, MA10 and MA20. Thus, we expect that the FPT's stock price will continue to test its MA50 support level at VND46,000 and do not see a strong short-term trend.

Please see important disclosure information at the end of this report.

Company description:

Key business segments: telecommunication services (12% of 1H2015 total revenues), system integration (5%), software development (11%), distribution and retail of IT products (67%).

FPT is the 11th largest market cap in the Vietnamese equity market. Major institutional shareholders are SCIC (6.1%), Dragon Capital and affiliates (7.0%), and Red River Holding (5.7%).

2014 results: Revenues: VND32,645 billion (USD1.5 billion), Net income: VND1,632 billion (USD77 million), Equity: VND7,913 billion (USD372 million)

1H2015 results: Revenues: VND19,328 billion (USD887 million, up 27% y-o-y), Net income: VND881 billion (USD40 million, up 12% y-o-y), Equity: VND9,921 billion (USD455 million)

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6M2015 – PBT up 10% y-o-y; net profit up 12% y-o-y

VND in billion	Revenue		PBT		PBT margin		VPBS forecast		
	6M2015	y-o-y %	6M2015	y-o-y %	6M2015	6M2014	2015 Revenue	2015 PBT	PBT margin
High-tech services									
Software	2,054	46.3%	295	14.8%	14.4%	18.3%	4,333	689	15.9%
- Outsourcing	1,721	43.4%	275	11.3%	16.0%	20.6%	3,634	654	18.0%
- Solutions	333	63.2%	20	100.0%	6.0%	4.9%	699	35	5.0%
System integration	991	2.5%	44	0.0%	4.4%	4.6%	2,947	147	5.0%
IT services	415	18.9%	56	24.4%	13.5%	12.9%	858	86	10.0%
Subtotal	3,460	27.2%	395	14.2%	11.4%	12.7%	8,138	922	11.3%
Consumer technology:									
Telecommunication	2,358	27.9%	473	4.4%	20.1%	24.6%	4,621	809	17.5%
Digital content	163	-68.0%	69	-2.8%	42.3%	13.9%	348	174	50.0%
Distribution	9,421	22.9%	300	24.5%	3.2%	3.1%	20,179	605	3.0%
Retail	3,575	62.9%	71	317.6%	2.0%	0.8%	7,796	117	1.5%
Education	261	-6.1%	77	-4.9%	29.5%	29.1%	620	155	25.0%
Subtotal	15,778	26.3%	990	14.7%	6.3%	6.9%	33,563	1,860	5.5%
Elimination & Others	90	n/a	-35	n/m	n/m	n/m	-2,919	17	n/m
Consolidated FPT	19,328	27.1%	1,350	10.0%	7.0%	8.1%	38,782	2,799	7.2%

Source: FPT, VPBS's analysis

Similarly to 2014, software outsourcing, telecommunication, distribution and retail continued to be top-line growth leaders in 1H2015. As mentioned in our last report, we expect the tailwinds behind these segments will remain strong in the upcoming years. Specifically:

Software Outsourcing – Low cost is the key competitive advantage

As we discussed in our last report (published in April 2015), software outsourcing services in Vietnam are about 30% to 40% cheaper than India and China. In addition, by our estimate, FPT's software outsourcing in 2014 only equaled to 0.05% of total global IT spending. Given the cost advantage and FPT's low market shares on global stage, we predict that this segment will still enjoy high growths in the next few years.

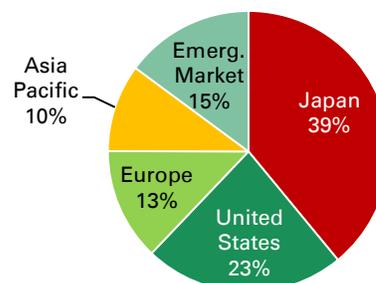
We predict that the software outsourcing segment will continue to achieve double-digit revenue in the upcoming years.

FPT's revenues from overseas markets (1H2015)

VND in billion	1H2015	1H2014	Y-o-y %
Japan	827	592	39.7%
United States	489	343	42.6%
Europe	274	103	166.0%
Asia Pacific	214	162	32.1%
Emerging markets	315	270	16.7%
Total	2,119	1,470	44.1%

Note: overseas revenues primarily includes software outsourcing and certain system integration projects

Source: FPT



Source: FPT

Strong growth from the European region resulted in part from the consolidation of FPT Slovakia's results into FPT since July 2014. Excluding revenue from this section, FPT's revenue from this region remains flat in 1H2015.

Despite strong revenue growth, PBT margin from this segment slid from 20.6% in 1H2014 down to 16.0% in 1H2015 due to the following reasons:

(1) post-integration costs from FPT's acquisition of FPT Slovakia (EUR400,000 in 1H2015),

(2) higher selling costs and lower contract-bidding prices as FPT wants to expand and solidify the company's reputation in the more developed markets.

Our forecast:

VND in billion	2013A	2014A	2015E	2016F	2017F	2018F	2019F
Soft. Outsourcing	2,154	2,928	3,634	4,442	5,289	6,174	7,099
Growth (%)	24.1%	35.9%	24.1%	22.2%	19.1%	16.7%	15.0%
In which							
- Japan	1,121	1,318	1,512	1,791	2,076	2,412	2,740
Growth (%)	11.7%	17.6%	14.7%	18.5%	15.9%	16.2%	13.6%
- US	585	815	1,104	1,417	1,754	2,121	2,517
Growth (%)	62.0%	39.3%	35.5%	28.3%	23.8%	20.9%	18.7%
- APAC	253	373	485	606	727	836	962
Growth (%)	46.2%	47.4%	30.0%	25.0%	20.0%	15.0%	15.0%
- Europe	195	422	533	628	732	805	880
Growth (%)	-1.5%	116.2%	26.4%	17.8%	16.5%	10.1%	9.3%

We forecast PBT margin for this segment to remain between 18.5 and 19.5% in the next five years (lower than historical) as the company plans to keep prices low in order to gain market share faster in international markets.

Telecommunication – # subscribers up 24.9% in 1H2015

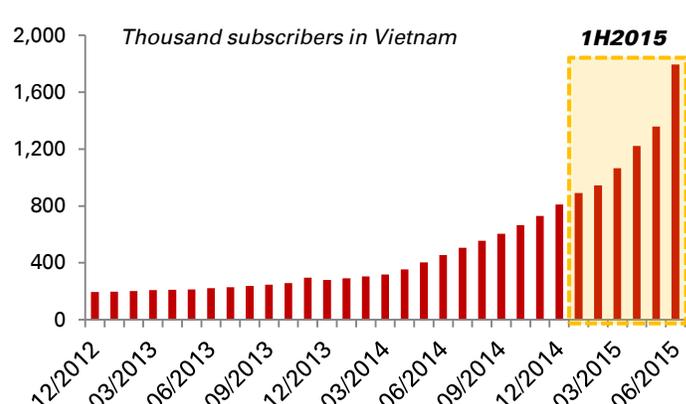
We believe that FTTx technology will help drive F-Tel's revenue growth in the upcoming years.

In 1H2015, F-Tel recorded net revenue of VND2,358 billion (USD108 million), up 28% y-o-y and PBT of VND473 billion (USD22 million), up 4% y-o-y. PBT margin dropped from 24.6% in 1H2014 to 20.1% in 1H2015 primarily because of the high depreciation expenses incurred during the period in connection with the fiberization project.

The fiberization project is COMPLETED: Per management's explanation, F-Tel had successfully completed this project in June 2015. Depreciation expenses only began to be booked in the second half of 2014, leading to significant drop in PBT margin y-o-y in 1H2015. However, we expect that Telecommunication segment's PBT margin will improve in 2016 and onwards when this investment project becomes fully depreciated.

We are seeing customers' switching from xDSL to FTTH in 1H2015:

#xDSL subscribers had gone down in Vietnam in 2015 but # FTTH subscribers is growing exponentially



Source: Vietnam Telecommunication Authority

Source: Vietnam Telecommunication Authority

Consumers are switching to FTTH for higher speeds and affordability.

Following the trend observed in our last report, number of xDSL subscribers in Vietnam had gone down 7.7% (compared to December 2014) to 4.3 million accounts. At the same time, however, number of FTTH subscribers had gone up 121% (also versus December 2014) to 1.8 million accounts.

We believe that F-Tel’s FTTH infrastructure will drive subscriber growth. We estimate that, by the end of June 2015, F-Tel had approximately 20% market share in Vietnam’s fixed broadband internet market (FTTH & xDSL). Over the next five years, we forecast that F-Tel’s x-DSL subscriptions will grow between 5.0% and 7.5% each year (growth will come from suburban and non-central cities in Vietnam with lower spending power) while the segment’s FTTH subscriptions will grow from 15.0% to 20.0% over that period. We also predict that F-Tel’s annual revenue per subscriber will increase between 5.0% and 10.0% each year as more customers switch to higher-priced FTTH services. Our revenue forecast for this segment is:

VND in billion	2013A	2014A	2015E	2016F	2017F	2018F	2019F
Telecom.	3,254	3,876	4,621	5,393	6,187	6,992	7,823
Growth (%)	24.1%	19.1%	19.2%	16.7%	14.7%	13.0%	11.9%
In which							
- FBBI	2,296	2,779	3,359	3,980	4,605	5,220	5,874
Growth (%)	19.0%	21.0%	20.9%	18.5%	15.7%	13.3%	12.5%
- Other services	958	1,097	1,262	1,413	1,582	1,772	1,950
Growth (%)	16.6%	14.5%	15.0%	12.0%	12.0%	12.0%	10.0%

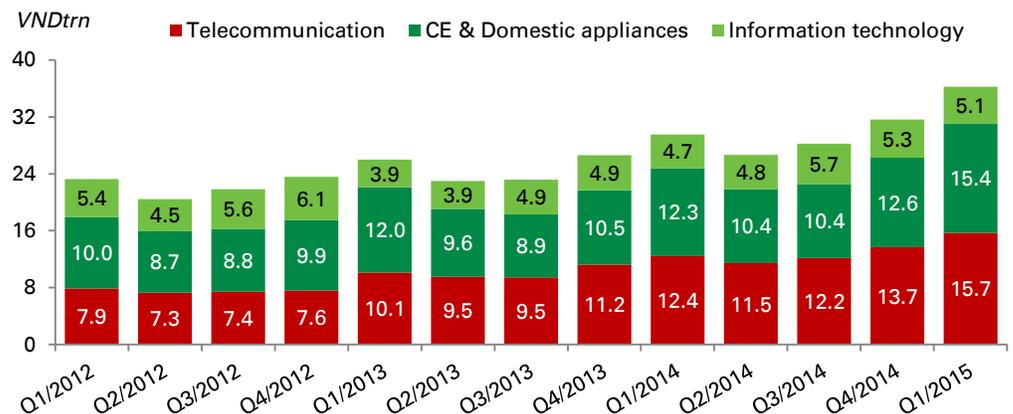
PBT margin will be lower in 2015 but will start recovering in 2016. Because of the accelerated depreciation from the fiberization project in 2014 and 2015, we predict that F-Tel’s PBT margin will shrink to 18.0% in 2015 (2014: 21.5%) but will improve starting 2016 and onwards. By 2017, we predict that F-Tel’s margin will climb back to 24.0% and will stay at that level until 2019.

F-Trading – smartphone and tablet adoption to drive growth

iPhones and hybrid products will help drive revenue growth for this segment in 2015 and onwards.

In our last report, we mentioned that smartphones and tablets will continue to drive the technical consumer goods market in Vietnam. In this report, we maintain our conviction with regard to smart phones but believe that laptop-tablet and phone-tablet (phablets) hybrids will drive the growth in F-Trading’s IT distribution.

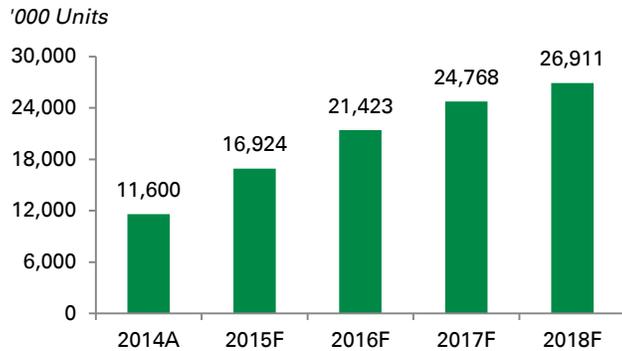
Consumer Electronics Market in Vietnam



Source: GfK

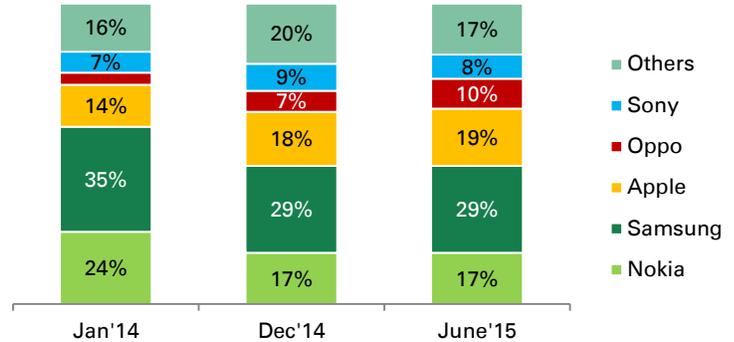
IDC is predicting strong growth in sales of smart phones: Our prediction is that growth will mainly come from Apple products and low-end smartphones (e.g. Oppo and Asus phones):

IDC's forecast of smartphone sales in Vietnam



Source: IDC

Mobile phone market shares in Vietnam



Source: GfK

F-Trading is one of the top distributors of Nokia, Asus phones, Dell, and ASUS laptops in Vietnam. In addition, F-Trading holds the exclusive distribution right for the Asus Zenphone products in Vietnam.

Our revenue forecast: We believe that iPhones and hybrid products will continue to drive growth in the distribution segment in the next few years. We conservatively forecast that revenue growth phone from other products will be single-digit over the forecast period. We also expect PBT margin for this segment to remain at 3.0% over the forecast period.

VND in billion	2013A	2014A	2015E	2016F	2017F	2018F	2019F
Distribution	14,485	17,505	20,179	22,921	25,435	27,674	30,246
Growth (%)	24.1%	20.9%	15.3%	13.6%	11.0%	8.8%	9.3%
In which							
- Mobile phones	8,580	10,210	12,170	14,228	16,172	17,942	19,993
Growth (%)	15.9%	19.0%	19.2%	16.9%	13.7%	10.9%	11.4%
- IT products	5,904	7,294	8,009	8,693	9,263	9,732	10,254
Growth (%)	-0.1%	23.5%	9.8%	8.5%	6.6%	5.1%	5.4%

Other segments (F-Retail, FIS, and F-Online)

F-Retail - completed yearly opening plan in 1H2015. In 1H2015, F-Retail recorded revenue of VND3,575 billion (USD164 million, up 63% y-o-y) and PBT of VND71 billion (USD3.3 million), up 318% y-o-y. By the end of June 2015, F-Retail had 205 stores in operation, up from 163 stores by the end of 2014. There are plans to open 50 to 60 new stores in 2016.

VND in billion	2013A	2014A	2015E	2016F	2017F	2018F	2019F
Retail	2,932	5,226	7,796	10,153	11,905	12,787	13,426
Growth (%)	185.8%	78.2%	49.2%	30.2%	17.3%	7.4%	5.0%
New stores	50	63	50	40	10	0	0
Stores at year-end	100	163	213	253	263	263	263
Average store #	75	131.5	188	233	258	263	263
Revenue / store	39.1	39.7	41.5	43.6	46.1	48.6	51.1

FIS – Showing recovery in 1H2015: FIS comprises system integration, software solution and IT services. Revenues from these three segments reached VND1,739 billion (USD80 million) in 1H2015, up **14%** y-o-y. PBT from these segments reached VND120 billion (USD5.5 million), up **21%** y-o-y. We look at this as a sign of improvement after FIS’s result being bottomed out in 2014. We expect this improvement trend to continue in the upcoming years.

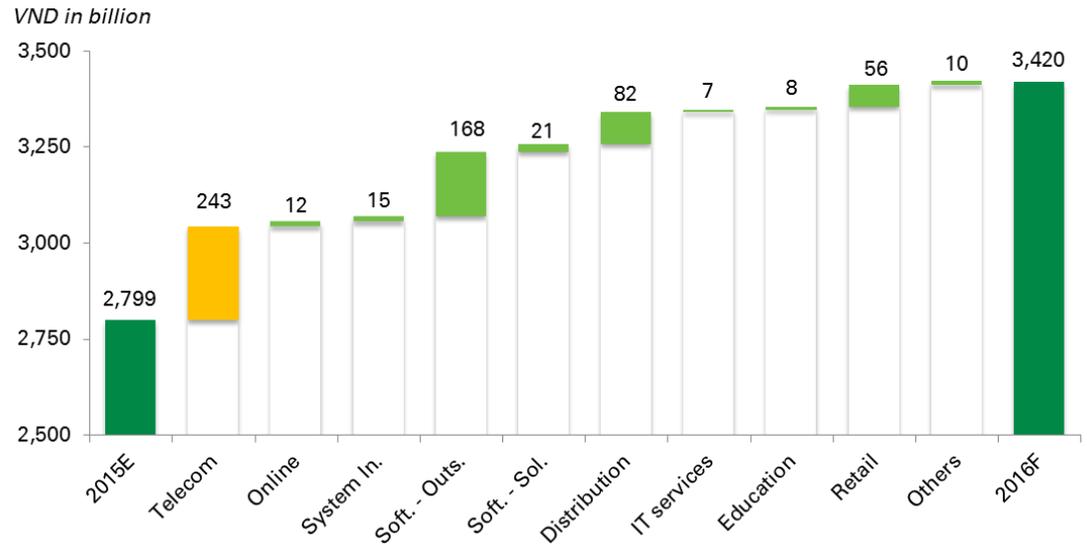
VND in billion	2013A	2014A	2015E	2016F	2017F	2018F	2019F
FIS	4,362	4,112	4,504	4,916	5,271	5,621	5,902
<i>Growth (%)</i>	7.2%	-5.7%	9.5%	9.2%	7.2%	6.7%	5.0%
In which							
- System integration	2,977	2,679	2,947	3,242	3,485	3,746	3,933
<i>Growth (%)</i>	2.0%	-10.0%	10.0%	10.0%	7.5%	7.5%	5.0%
- IT services	720	780	858	927	1,001	1,051	1,104
<i>Growth (%)</i>	5.8%	8.4%	10.0%	8.0%	8.0%	5.0%	5.0%
- Software solutions	665	653	699	748	785	824	865
<i>Growth (%)</i>	10.1%	-1.8%	7.0%	7.0%	5.0%	5.0%	5.0%

FPT-Online – ceasing online gaming and payment gateway lines in 2015. Starting 2015, FPT-Online will only provide online advertising business. This business line generated revenue of VND163 billion (USD7.5 million) in 1H2015, up **9%** y-o-y, and PBT of VND69 billion (USD3.2 million, PBT margin: 42%), down **7%** y-o-y.

VND in billion	2013A	2014A	2015E	2016F	2017F	2018F	2019F
FPT-Online	985	852	348	372	398	426	456
<i>Growth (%)</i>	-8.1%	-13.5%	-59.2%	7.0%	7.0%	7.0%	7.0%

A view toward 2016 – Net profit to grow 22.2% in 2016

We remain extremely optimistic with regard to FPT's prospect in 2016. As mentioned above, we believe that software outsourcing, telecommunication, distribution & retail segments will maintain growth momentum in the upcoming years. In addition, we believe that lower depreciation expenses from the telecommunication segment will boost profit growth in 2016 and onwards. For 2016, we predict FPT's consolidated PBT will reach VND3,420 billion (USD157 million), up 22.2% y-o-y, specifically:



2015 – 2019 Financial forecast

Forecasts of revenue growths and profitability margins

VND in billion	2013A	2014A	2015E	2016F	2017F	2018F	2019F
FPT's revenue	27,028	32,645	38,782	45,429	51,307	56,165	61,107
<i>Growth (%)</i>	24.1%	20.8%	18.8%	17.1%	12.9%	9.5%	8.8%
In which							
- Soft. Outsourcing	2,154	2,928	3,634	4,442	5,289	6,174	7,099
- Soft. Solution	665	653	699	748	785	824	865
- System integration	2,977	2,679	2,947	3,242	3,485	3,746	3,933
- IT services	720	780	858	927	1,001	1,051	1,104
- Telecom	3,254	3,876	4,621	5,393	6,187	6,992	7,823
- Online services	985	852	348	372	398	426	456
- Distribution	14,485	17,505	20,179	22,921	25,435	27,674	30,246
- Retail	2,932	5,226	7,796	10,153	11,905	12,787	13,426
- Education	557	590	620	651	683	718	754
- Elimination	-1,700	-2,445	-2,919	-3,419	-3,862	-4,227	-4,599
VND in billion	2013A	2014A	2015E	2016F	2017F	2018F	2019F
FPT's PBT	2,516	2,459	2,799	3,420	4,273	4,909	5,545
<i>Growth (%)</i>	24.1%	-2.2%	13.8%	22.2%	24.9%	14.9%	12.9%
PBT margin	9.8%	9.3%	7.5%	7.2%	7.5%	8.3%	8.7%
In which							
- Soft. Outsourcing	21.0%	17.7%	18.0%	18.5%	19.0%	19.5%	19.5%
- Soft. Solution	14.3%	0.3%	5.0%	7.5%	10.0%	12.5%	12.5%
- System integration	8.9%	5.1%	5.0%	5.0%	5.5%	6.0%	7.0%
- IT services	14.5%	10.8%	10.0%	10.0%	10.0%	10.0%	10.0%
- Telecom	25.5%	21.5%	17.5%	19.5%	24.0%	24.0%	24.0%
- Online services	15.8%	12.0%	50.0%	50.0%	50.0%	50.0%	50.0%
- Distribution	3.0%	3.1%	3.0%	3.0%	3.0%	3.0%	3.0%
- Retail	-1.1%	0.8%	1.5%	1.7%	2.0%	2.5%	3.0%
- Education	23.9%	29.0%	25.0%	25.0%	25.0%	25.0%	25.0%

Balance sheet forecast

	2013A	2014A	2015E	2016F	2017F	2018F	2019F
Capex (VNDb)	911	1,417	1,928	1,027	1,115	1,076	1,082
Receivable days	52	41	40	39	38	37	35
Inventories days	69	74	61	60	59	58	57
Payable days	38	42	40	38	36	34	30

We forecast that FPT's capex in 2015 will be the largest over the forecast period as the company continues to upgrade its network infrastructure and add-on services (e.g. extending network cables to new neighborhoods, fiberization, and paid-TV). The actual spending for the fiberization project in 2014 was VND600 billion (USD28 million) and in 1H2015 was close to VND500 billion (USD23 million).

Stock valuation: we target FPT at VND55,500 per share

Intrinsic value + market valuation = VND55,500 per share

Methods	Valuation	Weight
DCF	51,500	20%
Sum of the part	56,400	80%
Target price (VND/share)	55,500	100%

DCF models – FPT is valued at VND51,500 per share

- The *risk-free rate* is the 5-year local currency Government bond yield, which is currently equivalent to 6.5% compared to 5.4% in our April 2015 update.
- The *Vietnamese market premium* is determined to be 8.55%.
- Cost of equity is estimated to be 15.6% by using the capital asset pricing model with beta at 1.06 (vs. 1.13 in our last update report).
- *Weighted average cost of capital (WACC)* is calculated to be 13.5%.
- FPT's *terminal growth rate* is adjusted upward to 4.0%, from 3.5% in our last report to better reflect VPBS's expectation of Vietnam's long-term GDP growth rate.

		WACC				
		12.5%	13.0%	13.5%	14.0%	14.5%
Terminal growth rate	2.0%	48,500	45,400	42,600	40,000	37,700
	3.0%	53,500	49,900	46,600	43,700	41,000
	4.0%	59,700	55,400	51,500	48,000	44,900
	5.0%	67,600	62,300	57,500	53,400	49,600
	6.0%	77,900	71,100	65,200	60,000	55,400

Sum of the parts valuation – FPT is valued at VND56,400 per share

VND in billion	Net income 2015	Relative P/E	Absolute P/E	Equity Value	FPT's Ownership	Valuation
Technology group						
Software outsourcing	589	1.6	20.0	11,774	100.0%	11,774
Software solution	28	1.6	20.0	559	100.0%	559
System integration	118	1.5	18.8	2,210	100.0%	2,210
IT services	69	1.5	18.8	1,287	100.0%	1,287
Telecommunication						
Telecom	631	0.9	11.2	7,083	45.6%	3,232
Digital content	136	0.9	11.2	1,523	52.0%	791
Distribution & Retail						
Distribution	472	0.9	11.2	5,302	100.0%	5,302
Retail	91	1.1	13.8	1,254	84.3%	1,057
Education						
Education	139	1.0	12.5	1,744	100.0%	1,744
Total						27,957
Share outstandings (million shares)						397
Value per share						70,511
20% Conglomerate discount						14,102
Value per share						56,409

Note: $Absolute\ P/E = Relative\ P/E \times VN\text{-Index's trailing } P/E (12.2x)$
 Segmental net incomes in 2015 represent VPBS's forecasts

We are applying 20% conglomerate discount to FPT as the company comprises eight segments, not all of which have publicly available financial statements.

Peer analysis

	Exchange	Market Capital USDmn	Sale growth (% y-o-y)		Net margin (%)		Debt to equity (%)		ROA (%)		ROE (%)		P/E		P/B		Current relative P/E	Current relative P/B
			2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	Current	2015E		
System integration and IT services																		
CMC Ltd	Natl India	941	31.1	15.8	12.0	12.6	0.0	0.0	17.1	17.6	26.8	26.7	21.7	19.9	4.4	4.2	1.0	1.4
Chinasoft International Ltd	Hong Kong	763	15.8	38.2	4.6	4.5	48.8	57.3	3.7	4.0	7.1	8.4	21.7	16.6	1.7	1.5	2.1	1.3
KPIT Technologies Ltd	Natl India	408	49.2	20.3	8.9	9.2	34.1	38.8	12.8	12.7	22.8	21.5	10.9	10.0	1.8	1.8	0.5	0.6
DuzonBlzon Co Ltd	Tokyo	569	3.7	5.2	10.4	7.9	74.5	43.1	7.0	5.3	15.7	10.4	57.6	26.8	5.7	5.0	3.5	5.7
Average		670	25.0	19.9	9.0	8.6	39.4	34.8	10.1	9.9	18.1	16.8	28.0	18.3	3.4	3.1	1.8	2.3
Median		666	23.5	18.1	9.6	8.6	41.5	40.9	9.9	9.0	19.2	16.0	21.7	18.3	3.1	3.0	1.5	1.4
Software services																		
Posco ICT Co Ltd	KOSDAQ	672	7.0	-11.8	2.1	2.4	37.0	36.0	2.9	3.1	8.2	6.8	34.6	24.5	2.0	1.9	2.1	2.0
Hexaware Technologies Ltd	Natl India	1,303	17.3	13.0	16.6	12.4	0.0	0.0	22.2	17.8	31.6	25.7	25.9	21.2	6.4	6.1	1.2	2.1
Xiamen 35.com Technology Co Ltd	Shenzhen	613	10.1	-2.9	4.8	2.0	0.0	14.0	2.2	0.8	2.8	1.1	N/M	N/A	7.7	N/A	N/M	1.7
Hithink Flush Information Network	Shenzhen	5,797	7.7	45.9	12.3	23.2	0.0	0.0	1.7	4.2	1.9	5.2	N/M	84.7	28.6	15.5	N/M	6.2
Average		2,096	10.5	11.0	8.9	10.0	9.3	12.5	7.3	6.5	11.1	9.7	30.2	43.5	11.2	7.8	1.6	3.0
Median		987	8.9	5.0	8.6	7.4	0.0	7.0	2.5	3.6	5.5	6.0	30.2	24.5	7.1	6.1	1.6	2.1
Telecom																		
TIME dotCom Bhd	Bursa Malays	999	30.8	8.8	N/M	29.2	8.3	5.9	24.6	6.8	28.6	8.0	19.4	18.6	1.6	1.6	1.1	0.9
Dialog Axiata PLC	Colombo	682	12.3	6.3	8.2	9.1	73.9	66.7	5.3	5.6	13.5	14.4	13.3	12.3	2.0	1.9	0.9	1.2
Sri Lanka Telecom PLC	Colombo	638	5.9	8.1	9.0	9.2	34.6	42.4	5.1	5.2	9.4	9.7	12.0	N/A	1.3	N/A	0.8	0.8
Average		773	16.4	7.7	8.6	15.8	38.9	38.4	11.7	5.9	17.2	10.7	14.9	15.4	1.6	1.8	1.0	0.9
Median		682	12.3	8.1	8.6	9.2	34.6	42.4	5.3	5.6	13.5	9.7	13.3	15.4	1.6	1.8	0.9	0.9
ICT distribution																		
Sieu Thanh JSC	Vietnam	16	40.6	40.3	6.1	4.8	0.0	0.0	14.9	14.8	20.1	20.1	6.0	5.9	1.2	N/A	0.5	0.6
Telecommunications Industry Elector Vietnam		5	1.0	14.4	19.0	3.8	23.7	28.9	16.0	3.3	21.3	4.7	14.4	N/A	0.4	N/A	0.7	0.2
Inter Fareast Engineering Public Co.	Thailand	501	-6.0	-27.1	4.6	16.9	13.2	44.1	1.9	1.8	2.4	2.5	109.9	47.1	3.6	2.5	5.7	1.9
International Engineering Public Co.	Thailand	206	-55.5	3.6	19.9	2.9	30.4	23.7	4.3	0.4	11.5	0.6	209.8	N/A	2.2	N/A	11.8	1.6
Canon Marketing Japan Inc	Japan	2,350	-3.5	0.3	1.5	2.4	1.8	1.7	2.2	3.4	4.0	6.1	19.0	16.0	0.9	0.9	1.1	0.7
FT Communications Co Ltd	Japan	217	3.3	-21.9	3.8	7.4	60.3	15.4	9.6	14.7	33.9	36.7	9.5	N/A	2.5	N/A	0.7	1.7
Aurora Corporation	Taiwan	548	-15.2	3.1	11.1	9.7	25.8	35.5	9.8	7.7	18.4	15.1	14.5	12.8	2.1	N/A	1.1	1.4
Huxen Corporation	Taiwan	201	5.6	19.0	40.2	20.7	33.9	61.9	13.4	7.5	21.3	12.3	12.2	N/A	1.7	N/A	1.2	1.3
VST Holdings Ltd	Hong Kong	521	8.5	4.1	1.2	1.4	74.5	89.1	4.7	4.9	15.7	16.5	6.5	5.9	1.0	0.9	0.6	0.8
Digital China Holdings LTD	Hong Kong	1,141	-1.7	-1.1	0.4	1.0	66.7	74.8	1.0	2.2	3.9	8.6	12.9	9.6	1.0	0.9	0.2	0.2
Average		570	-2.3	3.5	10.8	7.1	33.0	37.5	7.8	6.1	15.2	12.3	41.5	16.2	1.7	1.3	2.4	1.0
Median		359	-0.4	3.4	5.3	4.3	28.1	32.2	7.1	4.2	17.1	10.4	13.6	11.2	1.4	0.9	0.9	1.0
ICT Retail																		
GOME Electrical Appliances Holding	Hong Kong	2,976	10.4	7.0	1.6	2.1	17.5	21.4	2.3	3.1	5.8	7.8	14.1	13.3	1.1	1.0	1.3	0.8
LOTTE Himart Co Ltd	Korea SE	1,221	9.2	6.7	3.7	2.6	50.1	N/A	4.8	N/A	8.4	N/A	N/A	10.6	0.8	0.8	N/M	0.8
Trikonsel Oke Tbk PT	Indonesia	651	8.1	4.0	4.6	2.9	276.5	254.1	7.0	3.6	26.0	14.7	39.4	N/A	3.6	N/A	1.5	1.5
Best Denki Co Ltd	Tokyo	202	-26.9	-9.6	-9.1	0.9	66.4	50.4	-14.7	1.5	-41.4	4.0	14.0	N/A	0.6	N/A	0.8	0.4
Kojima Co Ltd	Tokyo	248	-23.9	-7.0	-2.8	0.4	117.1	89.8	-5.3	0.8	-17.2	2.5	N/A	N/A	0.7	N/A	N/M	0.5
Sanlian Commercial Co Ltd	Shanghai	584	9.6	1.8	3.4	3.9	43.0	33.4	4.6	5.1	9.2	9.6	111.9	N/A	10.3	N/A	N/M	4.7
Electronic City Indonesia Tbk PT	Indonesia	116	40.7	10.6	10.3	5.8	2.6	1.9	16.6	6.4	21.6	7.5	16.4	10.8	0.9	0.8	0.6	0.4
Mobile World Group	Vietnam	458	28.8	65.9	2.7	4.2	62.2	41.7	13.4	23.7	40.7	58.7	13.2	10.0	5.9	3.7	1.1	3.2
Average		807	7.0	9.9	1.8	2.9	79.4	70.4	3.6	6.3	6.6	15.0	34.8	11.1	3.0	1.6	1.1	1.5
Median		521	9.4	5.3	3.1	2.7	56.2	41.7	4.7	3.6	8.8	7.8	15.2	10.7	1.0	0.9	1.1	0.8
Total average		881	7.7	9.0	7.5	7.4	44.0	41.9	7.3	6.7	12.9	13.1	33.6	19.8	3.6	3.0	1.8	1.6
Total median		584	8.1	6.3	4.7	4.5	34.1	35.8	5.1	5.0	13.5	9.1	14.5	13.3	1.8	1.8	1.1	1.3
FPT Corp	Vietnam	853	9.9	20.8	5.9	5.0	58.6	86.8	13.0	9.2	24.0	20.6	10.8	10.0	2.1	2.1	0.9	1.2

Source: VPBS, Bloomberg, data as of August 6, 2015

Technical analysis

FPT has been moving in a midterm uptrend since it crossed over the MA50 in May 2015. This MA50 curve is now at VND46,000 and is considered as a mid-term support level for FPT.

However, in the short term, FPT is still in a correction phase after hitting its six-month high at VND49,500. It is trading below the short-term moving average curves, such as the MA5, MA10 and MA20.

Thus, we expect that FPT's price will continue to test its MA50 support level at 46,000 and forecast a **NEUTRAL** trend for FPT.

As of November 7, 2014	FPT (VND/share)
Horizon analytic	3 to 6 months
3-month highest price	49,500
3-month lowest price	41,500
Current 50-day MA	46,000
Current 100-day MA	44,500
Mid-term resistance level	49,500
Mid-term support level	44,500
Trend	NEUTRAL



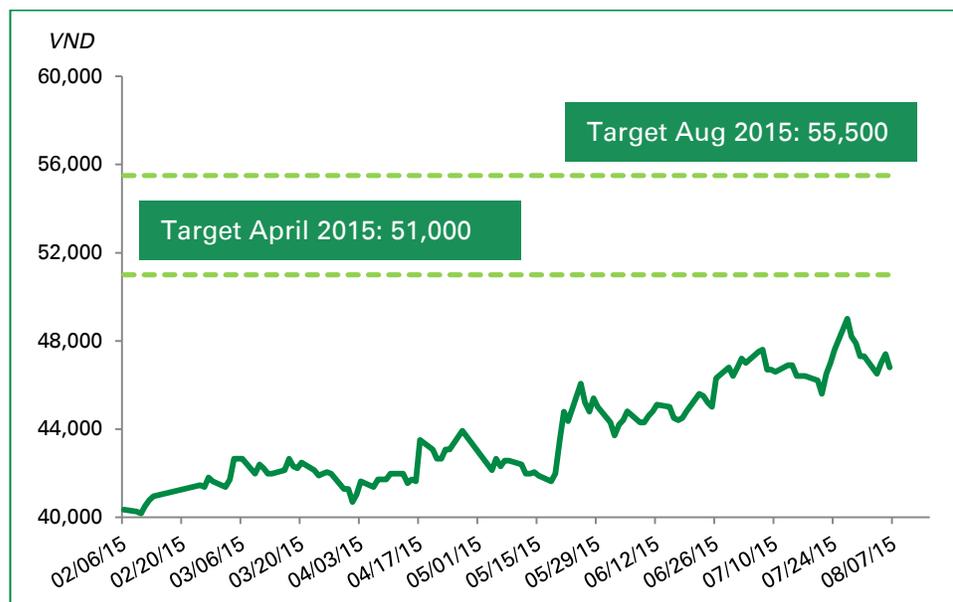
Appendix 1 – VPBS projection

INCOME STATEMENT (VNDbn)	2012A	2013A	2014A	2015E	2016F	2017F	2018F	2019F
Revenues	24,594	27,028	32,645	38,782	45,429	51,307	56,165	61,107
% y-o-y	-3.1%	9.9%	20.8%	18.8%	17.1%	12.9%	9.5%	8.8%
Cost of goods sold	19,902	21,489	26,371	31,670	36,887	41,261	45,000	48,802
Gross profits	4,692	5,539	6,273	7,112	8,542	10,046	11,165	12,305
SG&A expenses	2,461	3,203	3,886	4,319	5,030	5,627	6,136	6,655
EBIT	2,232	2,336	2,387	2,793	3,512	4,419	5,028	5,650
Depreciation & amortization	400	443	547	1,163	1,136	513	562	611
EBITDA	2,631	2,779	2,935	3,957	4,648	4,932	5,590	6,261
Financial income	637	386	368	462	379	393	413	427
Financial expenses	550	271	354	477	475	531	514	507
Net other incomes / (expenses)	56	85	70	42	29	20	14	10
Income from associates	33	22	41	17	16	14	13	11
R&D expenditure	0	42	53	39	41	43	45	47
Pretax profits	2,407	2,516	2,459	2,799	3,420	4,273	4,909	5,545
Tax expense	421	450	380	522	594	746	853	961
Effective tax rate	17.5%	17.9%	15.5%	18.6%	17.4%	17.4%	17.4%	17.3%
Profits after tax	1,985	2,065	2,079	2,277	2,827	3,528	4,057	4,584
Minority interest	445	458	447	422	561	766	867	971
Net income	1,540	1,608	1,632	1,855	2,266	2,762	3,190	3,612
% margin	6.3%	5.9%	5.0%	4.8%	5.0%	5.4%	5.7%	5.9%
Diluted EPS (VND)	4,479	4,046	4,107	4,667	5,702	6,950	8,027	9,090

BALANCE SHEET (VNDbn)	2012A	2013A	2014A	2015E	2016F	2017F	2018F	2019F
Cash & near cash items	2,319	2,751	4,336	3,980	5,115	5,442	5,675	8,757
Short term investments	662	1,443	1,441	1,441	1,441	1,441	1,441	1,441
Accounts receivables	3,300	3,838	3,710	4,250	4,854	5,342	5,693	5,860
Inventories	2,700	3,329	4,573	4,786	5,457	6,052	6,495	6,932
Other current assets	1,249	1,547	2,904	2,446	3,029	2,651	3,105	2,719
Current assets	10,229	12,908	16,964	16,904	19,897	20,929	22,410	25,709
Net fixed assets	2,618	3,076	3,838	4,603	4,494	5,096	5,610	6,081
Long-term investments	696	707	797	797	797	797	797	797
Other long-term assets	666	880	1,060	1,096	1,096	1,096	1,096	1,096
Long-term assets	3,980	4,662	5,694	6,495	6,386	6,988	7,503	7,973
Total assets	14,209	17,571	22,658	23,399	26,284	27,917	29,913	33,682
Accounts payable	1,809	2,200	3,019	3,599	3,963	4,234	4,366	4,183
Short-term borrowings	2,860	4,167	6,722	6,154	6,615	5,228	4,046	4,367
Other short-term liabilities	2,150	2,702	3,315	2,714	3,023	3,314	3,565	3,821
Current liabilities	6,820	9,069	13,057	12,467	13,601	12,776	11,977	12,372
Long-term borrowings	22	55	142	150	100	50	0	0
Other long-term liabilities	274	193	202	161	129	103	83	66
Long-term liabilities	295	248	344	311	229	153	83	66
Total liabilities	7,115	9,317	13,401	12,778	13,830	12,929	12,060	12,438
Share capital & APIC	2,788	2,801	3,489	3,489	3,489	3,489	3,489	3,489
Retained earnings	3,181	4,207	4,268	5,209	6,481	8,250	10,248	12,668
Treasury shares	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Other equities	213	201	157	157	157	157	157	157
Equity	6,182	7,209	7,913	8,854	10,126	11,895	13,893	16,313
Minority interest	913	1,045	1,344	1,767	2,328	3,093	3,960	4,931
Total liabilities and equity	14,209	17,571	22,658	23,399	26,284	27,917	29,913	33,682

CASH FLOW STATEMENT (VNDbn)	2012A	2013A	2014A	2015E	2016F	2017F	2018F	2019F
Cash from operation activities	2,410	1,400	1,151	2,660	2,185	3,107	2,865	4,063
Cash from investing activities	(253)	(1,576)	(1,469)	(1,965)	(1,027)	(1,115)	(1,076)	(1,082)
Cash from financing activities	(2,740)	608	1,903	(1,052)	(22)	(1,665)	(1,557)	100
Net changes in cash	(583)	432	1,585	(357)	1,136	327	232	3,082
Beginning cash balance	2,902	2,319	2,751	4,336	3,980	5,115	5,442	5,675
Ending cash balance	2,319	2,751	4,336	3,980	5,115	5,442	5,675	8,757
Free Cash Flow to Firm	1,891	598	(126)	956	1,367	2,214	1,964	3,116
RATIO ANALYSIS	2012A	2013A	2014A	2015E	2016F	2017F	2018F	2019F
Valuation ratios								
Price to earnings (P/E)		11.6x	11.4x	10.0x	8.2x	6.7x	5.8x	5.1x
Price / earnings to growth (PEG)			n/a	0.7x	0.4x	0.3x	0.4x	0.4x
EV to EBIT		8.9x	8.7x	7.5x	5.9x	4.7x	4.1x	3.7x
EV to EBITDA		7.5x	7.1x	5.3x	4.5x	4.2x	3.7x	3.3x
Price to sales (P/S)		0.7x	0.6x	0.5x	0.4x	0.4x	0.3x	0.3x
Price to book (P/B)		2.6x	2.4x	2.1x	1.8x	1.6x	1.3x	1.1x
Cash dividend per share	2,400	1,200	2,000	2,300	2,500	2,500	3,000	3,000
Profitability ratios								
Gross margin	19.1%	20.5%	19.2%	18.3%	18.8%	19.6%	19.9%	20.1%
EBITDA margin	10.7%	10.3%	9.0%	10.2%	10.2%	9.6%	10.0%	10.2%
Operating margin	9.1%	8.6%	7.3%	7.2%	7.7%	8.6%	9.0%	9.2%
Net profit margin	6.3%	5.9%	5.0%	4.8%	5.0%	5.4%	5.7%	5.9%
Return on avg. assets	13.6%	13.0%	9.2%	9.9%	11.4%	13.0%	14.0%	14.4%
Return on avg. equity	26.3%	24.0%	20.6%	22.1%	23.9%	25.1%	24.7%	23.9%
Leverage ratios								
Interest coverage ratio (EBIT/I)	9.8x	17.6x	14.4x	10.2x	13.9x	16.5x	23.8x	34.9x
EBITDA / (I + capex)	2.8x	2.7x	1.9x	1.8x	3.6x	3.6x	4.3x	5.0x
Total debt/capital	31.8%	36.9%	46.5%	41.6%	39.9%	30.7%	22.6%	21.1%
Total debt/equity	46.6%	58.6%	86.8%	71.2%	66.3%	44.4%	29.1%	26.8%
Liquidity ratios								
Asset turnover	1.7x	1.7x	1.4x	1.7x	1.8x	1.9x	1.9x	1.9x
Accounts receivable turnover (days)	49.0	51.8	41.5	40.0	39.0	38.0	37.0	35.0
Accounts payable turnover (days)	34.8	38.2	42.3	40.0	38.0	36.0	34.0	30.0
Inventory turnover (days)	59.9	68.9	73.5	61.0	60.0	59.0	58.0	57.0
Current ratio	1.5x	1.4x	1.3x	1.4x	1.5x	1.6x	1.9x	2.1x
Quick ratio	1.1x	1.1x	0.9x	1.0x	1.1x	1.2x	1.3x	1.5x

Appendix 2 – Recent stock performance



In our update report on April 17, 2015, we issued a BUY recommendation for FPT stock with a target price of VND51,000 per share (VND58,500 adjusted for the 15% stock dividend). On that date, the stock was trading at VND43,500 per share (on an adjusted basis). Since our last update report, FPT's stock has been advancing and closed at VND46,800 at the date of this report. Our new target price of VND55,500 per share is 18.5% above the market price as of August 6, 2015.

GUIDE TO RATINGS DEFINITION

VPBank Securities (VPBS) ratings are based on a combination of short-term and long-term analysis.

We use the following long-term ratings system:

Undervalued: Expected return, including dividends, over the next 12 months is greater than 10 percent.

Fully-valued: Expected return, including dividends, over the next 12 months is from zero to 10 percent.

Overvalued: Expected return, including dividends, over the next 12 months is below zero.

We then form a short-term outlook by combining macroeconomic factors with our technical analysis scoring system. This system generates bullish, neutral or bearish signals based on analysis of trending indicators, such as moving average, PSAR, and MACD, and momentum indicators, such as RSI and MFI.

Our overall recommendation is based on the following combinations of short-term and long-term views:

Recommendation	Long-Term Value	Short-Term Trend
BUY	Undervalued	Bullish or Neutral
	Fully-valued	Bullish
HOLD	Undervalued	Bearish
	Fully-valued	Neutral
	Overvalued	Bullish
SELL	Fully-valued	Bearish
	Overvalued	Neutral or Bearish

CONTACT INFORMATION

For any questions regarding your account, please contact the following:

Barry David Weisblatt

Head of Research
barryw@vpbs.com.vn

Nguyen Huu Toan

Associate Director
toannh@vpbs.com.vn

For any questions regarding your account, please contact the following:

Marc Djandji, CFA

Head of Institutional Sales and Brokerage
marcdjandji@vpbs.com.vn
+848 3823 8608 Ext: 158

Ly Dac Dung

Head of Retail Sales & Brokerage
dungld@vpbs.com.vn
+ 844 3974 3655 Ext: 335

Vo Van Phuong

Vice President of Retail Sales & Brokerage
phuongvv@vpbs.com.vn
+848 6296 4210 Ext: 130

Tran Duc Vinh

Vice President of Retail Sales & Brokerage
vinhtd@vpbs.com.vn
+848 3835 6688 Ext: 369

Tran Cao Dung

Director, Head of Wealth Advisory
Prestige VP Private Banking
dungtc@vpbs.com.vn
+848 3910 0868

Domalux

Vice President of Retail Sales & Brokerage
domalux@vpbs.com.vn
+848 6296 4210 Ext: 128

Nguyen Danh Vinh

Associate Vice President of Retail
Sales & Brokerage
vinhnd@vpbs.com.vn
+848 3823 8608 Ext: 146



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Hanoi Head Office

362 Hue Street,
Hai Ba Trung District, Hanoi
T - +84 (0) 4 3974 3655
F - +84 (0) 4 3974 3656

Ho Chi Minh City Branch

76 Le Lai Street,
District 1, Ho Chi Minh City
T - +84 (0) 8 3823 8608
F - +84 (0) 8 3823 8609

Danang Branch

112 Phan Chau Trinh Street,
Hai Chau District, Danang
T - +84 (0) 511 356 5419
F - +84 (0) 511 356 5418

