Equities | Vietnam | Information Technology

FPT Corp (FPT - HSX)

Company Focus

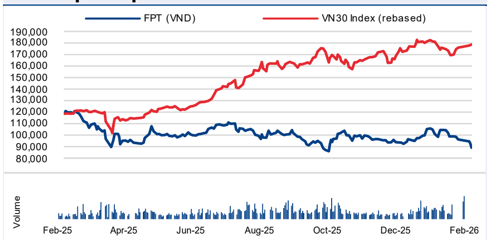
26 February 2026

Buy *(unchanged)*
Target price: VND113,500 *(from VND123,100)*
Up/downside: 27.4%

Share price (VND) (as of 25 Feb 2026)	89,100
Bloomberg code	FPT VN
52-week range (VND)	86,104-121,002
Trading value (5D) (VNDmn)	2,564,419
Market cap. (VNDbn)	151,785
Market cap. (USDmn)	5,815
Shares outstanding (mn)	1,704
Total FOL share room (mn)	835
Current FOL share room (mn)	181
Foreign ownership limit	49.0%
Foreign owned ratio	38.4%
Free float	78.8%
Major shareholder	Truong Gia Binh (7.07%)

Source: Company, HSC Research estimates

Share price performance



Share price (%)	-1 mth	-3 mth	-12 mth
Ordinary shares	(11.8)	(9.70)	(24.9)
Relative to index	(10.6)	(15.9)	(50.1)
Relative to sector	-	-	-

Source: Company, FactSet

HSC vs. consensus

EPS adj. (VND)	HSC	Cons	% diff
2026F	5,726	5,911	(3.1)
2027F	6,456	6,850	(5.8)
2028F	7,314	7,479	(2.2)

Source: Bloomberg, HSC Research estimates

Company description

FPT is growing from an IT intermediary and outsourcing vendor into a technology innovator and valued technology partner on a global scale.

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When sentiment decouples from reality

- We maintain our Buy rating on FPT despite an 8% TP cut as we slightly trim our longer-term earnings growth rate assumption (FY26F-27F earnings cut just slightly).
- Our FY26-27 net profit forecasts are cut 2% on avg.; these now suggest respective growth of 13.2%/12.7%. Our maiden FY28F, meanwhile, suggests net profit growth of 13.3% (3Y CAGR: 13.1%).
- Off 12% in the past 1M, likely hurt by emerging global fears of AI disruption, FPT now trades on 1-yr rolling fwd P/E of 15.4x, a deep discount vs. its 4Y avg of 18.9x and at a 5Y valuation low. While short-term challenges persist, rapid adaptation offers a rare opportunity to capture global market share.

Event: Global IT services sell-off on AI disruption fears

At present, the ‘extinction narrative’ – the fear that Agentic AI will render IT firms obsolete – is dominating market sentiment. This panic has overweighted perceived risks while ignoring the structural trust moat and domain expertise these companies hold. Historically, when sentiment reaches these extreme crisis levels, it creates a valuation dislocation.

Impact: Trimming FY26F-27F net profit by 2% on avg.

In our view, AI disruptions will not be meaningfully felt by FPT’s P&L through FY26; our net profit forecast is thus largely unchanged at VND10.6tn, up 13.2% y/y. This said, we cut our FY27F net profit by 3% to just under VND12.0tn (up 12.7% y/y), as we revise lower the Education segment, reflecting a more cautious outlook on new enrollments amid concerns of an oversupply of entry-level IT talent (as AI automates basic coding tasks, prospective students are becoming more selective, necessitating a strategic pivot toward higher-value AI engineering and specialized technical training). Finally, our maiden FY28F calls for 13.3% growth to VND13.5tn.

Our new FY26-28 net profit forecasts – 4% below the street on average – suggest a 3Y net profit CAGR of 13.1%.

Valuation and recommendation

Off 12% in the past 1M amidst global fears of AI disruption, FPT now is trading at 1-yr rolling fwd P/E of 15.4x, a deep discount vs. its 4Y avg. of 18.9x. The market is pricing in a future of permanent stagnation, despite FPT’s 25-year history of successfully pivoting through every major tech cycle; we think this is far too pessimistic.

We retain our Buy on FPT, with 27% upside to our new VND113,500 TP. We expect the impact of AI on IT services will result in re-skilling and an efficiency evolution – it is unlikely to see a total replacement. Re. FPT, it is time to capitalize on the gap between perceived obsolescence and actual integration. This price correction represents a rare entry point for long-term investors.

Year end: December	12-24A	12-25A	12-26F	12-27F	12-28F
EBITDA adj. (VNDbn)	13,044	13,883	15,805	17,760 ▼	19,890
Reported net profit (VNDbn)	7,857	9,369	10,602	11,953	13,544
EPS adj. (VND)	4,296	5,060	5,726	6,456	7,314
DPS (VND)	2,000	2,000	2,000	2,500	2,500
BVPS (VND)	20,253	21,418	25,624	29,580	34,394
EV/EBITDA adj. (x)	10.5	11.7	10.2	9.27	8.48
P/E adj. (x)	20.7	17.6	15.6	13.8	12.2
Dividend yield (%)	2.24	2.24	2.24	2.81	2.81
P/B (x)	4.40	4.16	3.48	3.01	2.59
EPS adj. growth (%)	21.9	17.8	13.2	12.7	13.3
Ret. on avg. equity (%)	28.7	28.3	26.5	25.4	24.9

Note: Use of ▲ ▼ indicates that the item has changed by at least 5%.
Source: Bloomberg, HSC Research estimates

Sentiment-driven sell-off in a quality, adapting business

The current ‘extinction’ narrative – the fear that Agentic AI will render IT firms obsolete – has driven market sentiment to irrational crisis levels, creating a significant valuation dislocation. This panic overweighs perceived risks, in our view, while overlooking the deep structural ‘trust moat’ and domain expertise held by firms like FPT. We believe that AI is more likely to act as a catalyst for efficiency and re-skilling rather than a total replacement of essential IT services. When sentiment decouples from fundamental reality, it presents a rare ‘buy deep’ opportunity for long-term investors to capitalize on the gap between perceived obsolescence and actual integration; we have reached this point with FPT.

Navigating sentiment volatility and structural transitions

Over the past year, FPT’s share price has faced significant pressure, declining 25% in the past 1Y and 12% in the past 1M. This was accompanied by a sharp reduction in foreign ownership, which dropped from a ‘full room’ (of 49%) to the current 38.4%. We identify three primary drivers behind this dislocation:

The AI disruption narrative vs. fundamental resilience

The prevailing market fear centers on AI’s potential to replace FPT’s core roles, casting a shadow over long-term earnings prospects. While FY25 net profit growth remained robust at 19.2%, revenue growth moderated to 11.6% (down from the 5Y historical 20% average). It is crucial to clarify that this top-line deceleration was not solely due to ‘AI deflation’. Geopolitical headwinds and macro risks, specifically shifting U.S. tariff policies, played a significant role in dampening global IT spending in 2025, especially in APAC region.

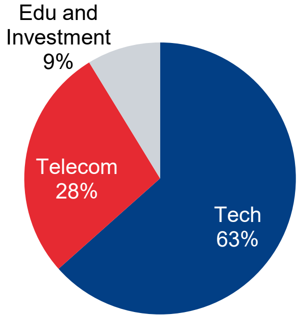
Despite global headwinds, FPT delivered a resilient performance with FY25 signed revenue growing 23% y/y to VND40.6tn. This robust growth underscores FPT’s successful pivot toward securing large-scale, long-term contracts (3-5 years), focusing on DX activities, effectively anchoring its project pipeline and providing high visibility for future earnings amidst a shifting market.

FPT maintains a unique competitive position through its highly diversified revenue base, which serves as a critical buffer against the technology-driven volatility currently affecting its global peers. With its Global IT Services revenue strategically balanced across Japan (44%), APAC (23%), the US (23%), and the EU (10%), FPT is not overly dependent on any single geography’s economic or regulatory environment.

This geographic stability is further reinforced by a multi-segment business model that spans Technology, Telecom, Education, and Investment. This robust cross-sector diversification allows FPT to mitigate the direct impact of technology-specific "extinction" narratives, as the defensive nature of its Education and Telecom segments provides steady cash flows and offsets the cyclical shifts in the IT services landscape.

Figure 1: FY25 sales breakdown by segment, FPT

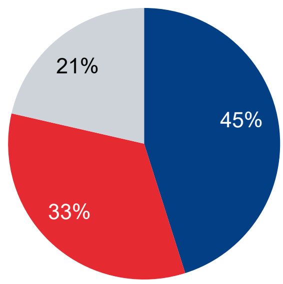
Tech. accounted for 63% of revenue…



Source: FPT

Figure 2: FY25 PBT breakdown by segment, FPT

…but a lower 45% of PBT



Source: FPT

The FOX ownership transfer

The transfer of SCIC's 50.2% stake in UPCoM-listed FOX (not rated) to the Ministry of Public Security (MPS) in FY25 sparked periods of market anxiety regarding the potential deconsolidation of FOX from FPT's financial statements and market sentiment about the less influence of FPT at FOX. We expect an official deconsolidation announcement in 1H26. However, we reiterate that this is primarily an accounting shift. Moving from full consolidation to the equity method for FPT's 45.66% stake will not alter FPT's underlying economic interest or net profit. For the Balance sheet impact, excluding the asset of FOX in FPT's BS, it would turn FPT to more 'asset-light' business model.

Furthermore, we view the strategic partnership with MPS as a long-term positive, likely granting FOX access to large-scale public sector projects. Additionally, stricter copyright enforcement policies recently are also expected to drive subscriber growth in the Pay TV segment (including FPT Play), whose recently won the Premier League broadcasting license in Vietnam and then further enhancing FOX's profitability.

The Feb. global tech. sell-off: A decoupling of sentiment

Foreign selling reached a fever pitch during the 25 Feb. trading day for FPT, with a new record net sell (26mn shares, valued at VND2,335bn). This was triggered by a global wave of concern regarding structural changes in the IT landscape, with skeptics arguing that FPT has not adapted swiftly enough to the new business environment. We believe this represents a peak in 'AI panic' where global sentiment has decoupled from local operational reality.

In the following sections of this report, we will focus specifically on debunking these disruption fears and detailing FPT's strategic pivot to secure its competitive edge in an AI-integrated world.

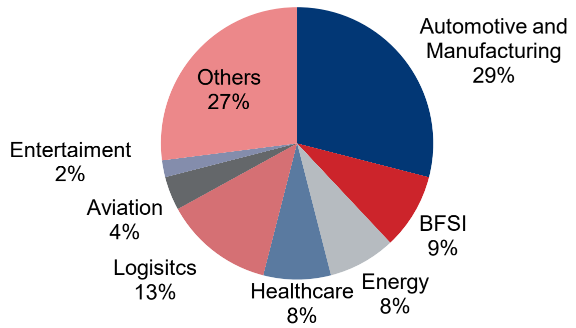
Assessing FPT's 'tech. Stack' in the AI era

As a reminder, Global IT services revenue came to VND35,382bn (up 14% y/y) in FY25 or 50.5% of FPT consolidated revenue. As Figures 3-4 show, Japan holds majority contribution to FPT's Global IT services, growing its contrition from 40% in FY24 to 44% in FY25. EU also increased its position, accounting for 10%, vs. 9% seen in FY24. Meanwhile, APAC and US decreased its contribution to 23%/each from 27% and 25% previously.

Regarding the industry contribution, automotive and manufacturing accounted for 29% of FPT's Global IT services revenue in FY25 (FY24: 27%), followed by Logistics (13% contribution in FY25 vs. 12% in FY24) and BFSI (Bank, Finance, Securities and Insurance) at 9% of contribution (unchanged vs. FY24).

Figure 3: FY25 global IT services by industry, FPT

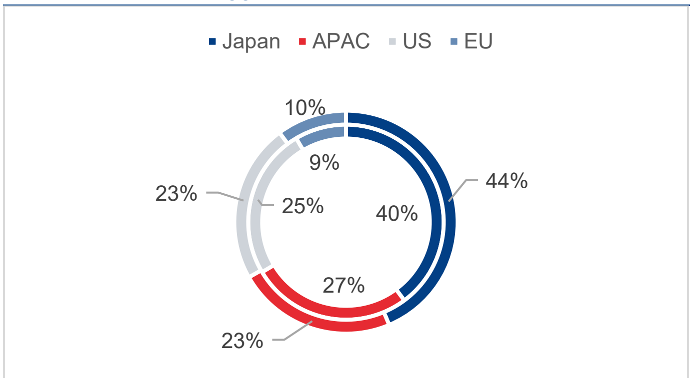
Automotive and Manufacturing is the biggest contributor



Source: FPT

Figure 4: Global IT services by region, FPT

Japan remains the biggest contribution for Global IT services



Note: Inner circle FY24 Global IT services revenue breakdown; outer circle FY25 Global IT services revenue breakdown.
Source: FPT

Figure 5: DX revenue, FPT

DX contribution consistently improved over the time

VNDbn	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
DX services	1,435	1,811	2,453	3,219	5,522	7,349	10,425	14,340	16,751
Growth y/y		26%	35%	31%	72%	33%	42%	38%	17%
Traditional IT services	4,807	6,632	8,395	8,781	9,019	11,566	13,863	16,613	18,631
Growth y/y		38%	27%	5%	3%	28%	20%	20%	12%
Contribution to Global IT services									
DX services	23.0%	21.5%	22.6%	26.8%	38.0%	38.9%	42.9%	46.3%	47.3%
Traditional IT services	77.0%	78.5%	77.4%	73.2%	62.0%	61.1%	57.1%	53.7%	52.7%

Source: FPT

Figure 6: FY25 global IT services breakdown by Tech stacks, FPT

DX remains the biggest contribution, with growth of 17% y/y in FY25. Within DX, AI and Analytics revenue grew 35%+

Services line	FY25 revenue (VNDbn)	Contribution (%)	Risk level
DX	16,751	47%	Low
AI and Data analytics (under DX segment)	*2,650*	*7%*	*Very low*
SAP	2,385	7%	Medium
Legacy modernization	398	1%	High
Others (including app development and maintenance)	15,849	45%	Medium
Global IT services	**35,382**	**100%**	

Source: FPT, HSC Research

Regarding technology stacks, FPT is involved in wide range of technology stacks, as follows:

Digital transformation: DX has become the primary growth engine for FPT, consistently increasing its contribution to the group's top line over the past decade. In FY25, DX revenue surged 17% y/y to VND16,751bn, now commanding 47% of total Global IT Services revenue, a significant leap from just 23% in FY17. This structural shift reflects FPT’s successful transition from a traditional outsourcing provider to a high-value strategic partner. Within the DX portfolio, AI and Data Analytics reached a pivotal milestone, surpassing USD100mn in revenue for FY25. This segment grew by over 35% y/y, now contributing 15% of DX revenue or 7% of Global IT services. This rapid acceleration underscores FPT’s proactive investment in the Agentic AI era.

In our view, the risk level of Agentic AI replacement for DX segment is low and very low for specific AI and Data Analytics segment.

For traditional IT services: FPT specialized services offerings continued to gain traction in FY25, with **SAP** revenue coming at around USD90mn in FY25, or 7% of Global IT services revenue. While **legacy modernization** segment is a new segment that FPT aims to push more going forward, it came at a modest value of around USD15mn, or 1% of Global IT services in FY25. But this is set to grow further by 30%+ in coming years, on the potential market in Japan.

While SAP and legacy modernization projects naturally carry a higher complexity profile compared to standard DX, we categorize the current risk as manageable. With the rise of Agentic AI, we view SAP at a medium risk level, while legacy modernization remains higher due to its inherent technical debt. However, this evolution is not about job replacement; rather, it’s about augmenting our capabilities. By leveraging AI as a powerful catalyst to accelerate delivery, we ensure high-quality outcomes through a human-in-the-loop approach, where our experts remain essential for final validation.

FPT: AI as a revenue stream and productivity tool

FPT’s transition to an ‘AI-first’ company is both internal and external. In fact, FPT is shifting from traditional coding services to becoming a strategic partner using AI to bridge technical capabilities with domain knowledge in verticals such as insurance, retail, and automotive. FY25 AI and data analytics reached a milestone of nearly USD100mn (35%+ y/y growth) in revenue, representing 15% of total FPT’s FY25 DX revenue or 7% of FPT’s Global IT services revenue as mentioned above.

Internally, AI platforms are being used to improve productivity, allowing FPT to deliver higher-quality services at lower prices with faster turnaround times. Externally, FPT provides an end-to-end AI stack, comprising AI infrastructure, platforms, and studios, leveraging open-source models to offer clients flexible, cost-effective solutions. FPT's competitive edge in AI services include speed to delivery, young talent pools with over 1,500 AI professionals and a workforce capable of rapid upskilling, and long-term investment in R&D and partnerships with global institutes to train specialized talent.

Why 'Claude Code' is a catalyst, not a killer, for FPT's Japan strategy

The mid-Jan 2026 launch of the Claude Cowork plugin and the subsequent debut of Claude Code in Feb-26 have sparked a global "extinction narrative" among investors. The fear is that these Agentic AI tools might achieve 100% replacement of IT services, particularly in COBOL modernization, a key strategic pillar for FPT in the Japanese market.

However, a technical deep dive suggests this panic is decoupled from operational reality. Japan remains one of the world's most mainframe-dependent nations, with mission-critical legacy systems deeply embedded in banking, insurance, and government sectors. While Claude Code is a powerful tool, several factors mitigate the risk of disruption to FPT:

- **Strategic positioning in the COBOL niche:** COBOL is a new business line of FPT, started in 2024. In FY25, approximately 3% of FPT's Japan revenue or 1% of FPT's Global IT services revenue is derived from COBOL-related services, so-called legacy modernization. Despite a small contribution in FY25, this is expected to grow stronger from now on, on the promising market and successfully launched of xMainframe tool to understand COBOL language. Far from retreating, FPT is doubling down. The Dec-25 Joint Venture (JV) with SCSK (one of the leading Japanese IT companies) to establish 'COBOL Park' (33% FPT/67% SCSK) creates a robust infrastructure for upskilling engineers and building high-security modernization frameworks.
- **The 'human-in-the-loop' requirement:** Standalone AI like Claude Code can process code powerfully, but complex, 'tribal' legacy systems often produce unreliable non-contextual outputs (aka 'AI slop') when faced with undocumented business logic. Human expertise is required to validate architectural decisions and ensure zero-downtime migrations in high-stakes environments. We believe there is a substantial "capability gap" that will take considerable time to bridge before AI can manage end-to-end processes perfectly or fully replace the nuanced integration services provided by firms like FPT.
- **Pre-emptive AI integration:** FPT didn't wait for Claude; they already embedded proprietary AI into their modernization workflows to enhance productivity. Their xMainframe tool has already modernized over 300 systems and migrated 200+ million lines of code (MLOC).
- **A strategy of partnership:** Rather than competing against AI developers, FPT's strategy focuses on partnership and integration, using these tools to accelerate delivery and tackle the massive backlog of Japanese tech debt. Globally, FPT partnerships with Microsoft, Nvidia, etc.

The Bank of Japan (BoJ) projects a 12% y/y growth in software spending across industries for FY-3/26, signaling a robust expansion in the Japanese IT landscape. This creates a significant opening for FPT to introduce new, high-value service streams. Given their well-established footprint and trusted partnerships with leading Japanese enterprises, FPT remain highly confident in their long-term growth with an expected double-digit growth. As Japan enters a critical phase of accelerated DX adoption to align with other developed economies, FPT is uniquely positioned to act as a primary catalyst in this digital transition.

A critical barrier to pure AI replacement is data sovereignty

Global enterprises remain highly protective of their proprietary data and are often unwilling to expose sensitive information to third-party AI providers due to stringent regulatory and competitive risks. This hesitation creates a significant security moat for trusted vendors like FPT (specially for Japanese enterprises). Rather than being bypassed, trusted IT vendors are uniquely positioned to embed AI applications directly into existing infrastructure and deploy Physical AI solutions that operate securely within the enterprise's own firewall. This means, AI also can help to generate new earnings stream.

By ensuring system integrity and data privacy, trusted IT vendors transcend the role of a traditional service provider to become a strategic safeguard. Ultimately, the institutional trust built over decades allows IT vendors to secure existing contracts while becoming the preferred partners for the next generation of secure, AI-enhanced operations. The coming years will not be defined by displacement, but by strategic partnerships between AI developers and IT firms to unlock new growth streams in AI trust, reliability, and complex system integration.

Use case: FPT xMainframe

FPT is already proving that combining GenAI with human expertise delivers results that standalone tools cannot yet match:

- **Top Japanese steel manufacturer:** Utilizing xMainframe with GenAI, FPT consolidated 6 million lines of code. By automating the initial assessment, they reduced human effort in reverse engineering tasks by 30% during the early phases.
- **Prominent Japanese real estate Firm:** FPT addressed the challenge of unformatted input files by using AI to automate data extraction and report generation. This collapsed processing times from months to just weeks, achieving significant cost savings for the client.

The verdict: With over 40+ customers already served via this hybrid AI-human model, FPT is not being disrupted; it is being supercharged.

The cannibalization gap should be a short-term challenge

The immediate risk for FPT is the efficiency trap - AI tools allow developers to complete tasks in 70% of the time, but if the contract is still billed by the hour, FPT effectively loses 30% of its revenue on that task. Furthermore, the "Wait-and-See" approach from certain enterprises creates a temporary drag on top-line growth as clients pause discretionary spending to evaluate AI's full potential.

Strategic solutions to bridge the gap include:

- Moving up the value chain: FPT must shift from being a “code factory” to a “strategic architect”. Instead of selling developer hours, sell the end-to-end modernization of a system.
- Capturing the “AI Integration” backlog: Enterprises pausing demand are often doing so because they lack an AI roadmap. FPT can mitigate this by offering AI-readiness assessments to help clients identify which parts of their legacy stack (like COBOL) can be safely modernized using tools like xMainframe. Leveraging their established "COBOL Park" joint venture to provide the human expertise required for "tribal" legacy systems that standalone AI cannot handle perfectly.
- Implementing “outcome-based” pricing models: To align interests with clients, FPT should adopt outcome-based models where a portion of the fee is tied to the actual cost savings or productivity gains achieved by the client through FPT's AI implementation. This would reduce client hesitation by lowering the upfront bet and allow FPT to earn a premium when its AI-enhanced delivery outperforms traditional methods.

FPT has a proven track record as a technology beneficiary

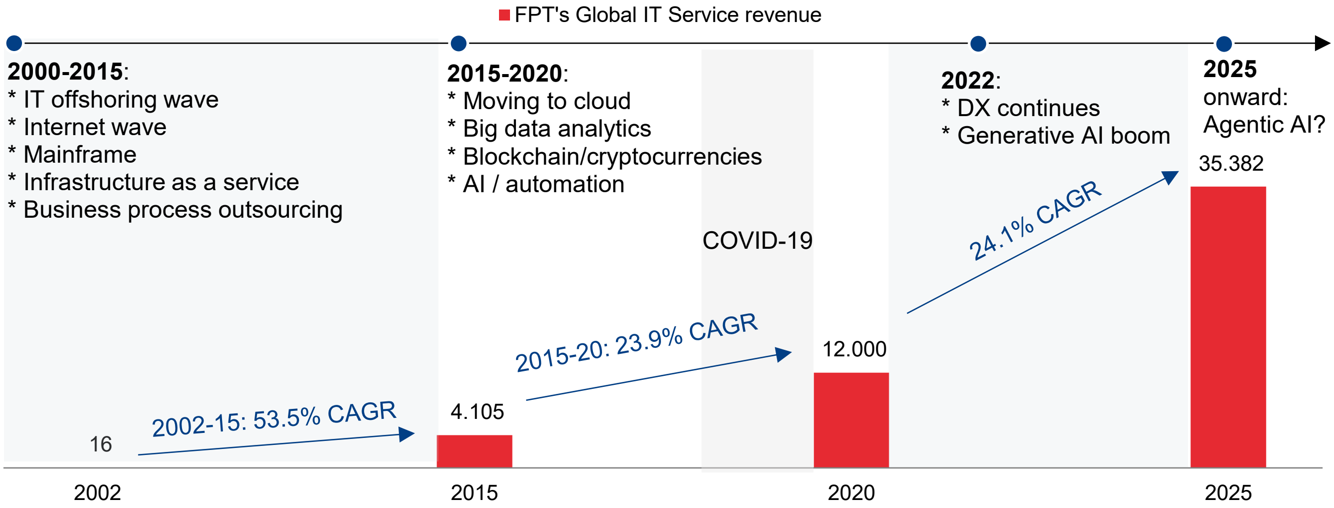
Historically, FPT has proven to be a consistent technology beneficiary, demonstrating a remarkable ability to reinvent itself across major technological eras. From the early ‘offshoring wave’ and mainframe era of the 2000s, which saw a staggering 44.6% CAGR in FPT's revenue for FY02-10 period. Through the Cloud and Big Data transitions of the 2010s, FPT has consistently aligned its growth with global innovation trends. For FY20-25 period, FPT delivered 5Y net sales CAGR of 18.6%.

FPT's global IT services footprint

FPT's expansion within the Global IT services market is characterized by a robust, long-term growth trajectory. After entering the global arena in 1998 and reaching its first USD1mn revenue milestone in 2002, the company entered a high-growth phase. From 2002 to 2015, FPT successfully capitalized on the global IT offshoring wave, leveraging cost-efficient delivery models to achieve an impressive 54% CAGR. Subsequent analysis (Figure 7) reveals a consistent 24% CAGR across two distinct technological cycles: the shift toward Cloud and Big Data (FY15-20) and the current era of Digital Transformation and Generative AI (FY20-25). This decadelong performance, averaging 40% annual growth since 2002, underscores FPT's structural resilience and the increasing trust international clients place in its service capabilities.

Figure 7: Key technology trend in 2000-2025 vs. FPT's Global IT Service revenue growth in each period

2025 onward could be the opportunity for FPT to reset the competitive dynamic and thrive on strong Vietnamese IT manpower



Source: FPT, HSC Research

While FPT once trailed behind Indian IT giants due to a significant gap in domain knowledge, the company has leveraged successive waves of technology to narrow this distance. The shift toward DX and GenAI has acted as a "great equalizer," allowing FPT to move beyond simple price competition to compete head-on through superior delivery speed, high service quality, and agility.

Each technological disruption provides a critical reset of the competitive landscape, creating an entry point for firms with young, adaptable workforces to leapfrog established incumbents. This transition into the Agentic AI era represents the latest opportunity for FPT to reset the competitive dynamic, thriving on strong Vietnamese IT manpower to secure its position as a global leader.

New earnings forecasts

FY25 results came exactly in line with our forecasts. Helped by this, our FY26 net profit forecast is largely unchanged at VND10.6tn, up 13.2% y/y, on net sales of VND78.8tn, up 12.4% y/y. Notably, our forecast is lower than FPT's initial guidance of 15%+ y/y growth in both and bottom line for this year. The main difference between our forecast vs. FPT's initial guidance is from the Technology segment, which FPT expects 19%/24% y/y growth in top and bottom line, vs. our estimates of 15%/17% respectively.

For FY27, we cut slightly our net profit by 2.5%, mostly on the downward revision of Education segment, reflecting a cautious outlook on new enrollments amid concerns of an oversupply of entry-level IT talent. As AI automates basic coding tasks, prospective students are becoming more selective, necessitating a strategic pivot toward higher-value AI engineering and specialized technical training.

For FY28, we introduce our earnings forecast, calling for 13.3% y/y net profit growth to VND13,544bn, implying a 3Y net profit CAGR of 13.2%. Our FY26-28 net profit forecasts are 4% below Street, largely on the more cautious on the Technology forecast.

Key assumptions are shown in Figures 8-10.

Figure 8: Old and new earnings forecasts, FPT

We are largely unchanged our FY26-27 earnings forecasts

		Old forecasts		New forecasts			Revisions		Growth y/y		
VNDbn	FY25A	FY26F	FY27F	FY26F	FY27F	FY28F	FY26F	FY27F	FY26F	FY27F	FY28F
Sales	**70,113**	**78,133**	**89,534**	**78,813**	**88,483**	**99,870**	**0.9%**	**-1.2%**	**12.4%**	**12.3%**	**12.9%**
Technology	44,475	50,474	59,432	51,129	59,059	68,143	1.3%	-0.6%	15.0%	15.5%	15.4%
Telecom	19,507	21,528	23,478	21,902	23,728	25,645	1.7%	1.1%	12.3%	8.3%	8.1%
Education & Others	6,131	6,131	6,623	5,782	5,696	6,082	-5.7%	-14.0%	-5.7%	-1.5%	6.8%
PBT	**13,039**	**14,839**	**17,154**	**14,992**	**16,903**	**19,047**	**1.0%**	**-1.5%**	**15.0%**	**12.7%**	**12.7%**
Technology	5,882	7,033	8,357	6,862	8,049	9,393	-2.4%	-3.7%	16.7%	17.3%	16.7%
Telecom	4,364	4,851	5,334	5,033	5,534	5,933	3.8%	3.7%	15.3%	9.9%	7.2%
Education & Others	2,793	2,954	3,463	3,097	3,320	3,722	4.8%	-4.1%	10.9%	7.2%	12.1%
Net profit	**9,369**	**10,519**	**12,255**	**10,602**	**11,953**	**13,544**	**0.8%**	**-2.5%**	**13.2%**	**12.7%**	**13.3%**

Source: HSC Research

Figure 9: Global IT services breakdown by region, FPT

We forecast Global IT services revenue will grow by 14%/15%/15% in FY26/27/28 respectively

VNDbn	FY25	FY26F	FY27F	FY28F
Global IT services revenue	**35,382**	**40,416**	**46,409**	**53,321**
Growth y/y	***14.3%***	***14.2%***	***14.8%***	***14.9%***
Japan	15,452	18,542	21,880	25,818
Growth y/y	*25.4%*	*20.0%*	*18.0%*	*18.0%*
US	8,163	8,408	8,828	9,446
Growth y/y	*5.3%*	*3.0%*	*5.0%*	*7.0%*
Asia - Pacific	8,173	9,154	10,527	12,106
Growth y/y	*-0.8%*	*12.0%*	*15.0%*	*15.0%*
Europe	3,593	4,312	5,174	5,950
Growth y/y	*36.3%*	*20.0%*	*20.0%*	*15.0%*

Source: HSC Research

Figure 10: Margin breakdown by segment, FPT

We forecast margin to be improved slightly in FY26-28 period, on improved productivity

	FY25	FY26F	FY27F	FY28F
Pre-tax margin	**18.6%**	**19.0%**	**19.1%**	**19.1%**
Technology	13.2%	13.4%	13.6%	13.8%
Global IT services	*15.5%*	*15.6%*	*15.8%*	*16.0%*
Domestic IT services	*4.6%*	*5.2%*	*5.7%*	*5.8%*
Telecom	22.4%	23.0%	23.3%	23.1%
Education and others	45.5%	53.6%	58.3%	61.2%
Net margin	**13.4%**	**13.5%**	**13.5%**	**13.6%**

Source: HSC Research

Valuation and recommendation

We continue to adopt DCF method to derive TP for FPT. Accordingly, our TP is trimmed by 8% to VND113,500 (upside 27%), largely on the downward revision in the long-term growth after FY27, reflecting a concern of AI deflation. Meanwhile, we are maintaining unchanged WACC assumption of 9.8%, terminal growth rate of 3%.

Figure 11: FCFE calculation, FPT

We forecast an improved cash flow in the next years

VNDbn	FY25	FY26F	FY27F	FY28F	FY29F
Net profit	9,369	10,602	11,953	13,544	15,708
Plus: D&A	2,900	3,103	3,758	4,548	5,500
Less: Capex	(5,151)	(3,623)	(4,017)	(4,457)	(4,949)
Less: WC increase	(1,959)	(2,934)	(2,249)	(2,463)	(4,040)
UFCF	**5,159**	**7,148**	**9,446**	**11,171**	**12,219**
PV of UFCF		**7,148**	**8,606**	**9,272**	**9,240**

Source: HSC Research

Figure 12: WACC calculation, FPT

WACC is unchanged at 9.8%

	Value
Risk-free rate	4.0%
Equity risk premium	8.75%
Beta	0.9
Cost of equity	**11.9%**
Average interest rate	5.0%
CIT	15.1%
Cost of debt	**4.2%**
Weight of equity	72.3%
Weight of debt	27.7%
WACC	**9.8%**

Source: HSC Research

Figure 13: DCF valuation, FPT

Our new TP is at VND113,500 (upside 27%)

VNDbn	Value (at end-FY26)
PV of CFs through FY29	**34,266**
Terminal growth rate	3.0%
2029 FCF x (1+g)	12,586
Terminal value	186,121
PV of terminal value	140,746
Total PV	**175,013**
Plus: Cash	46,554
Less: Gross debt/adjustments	(28,270)
Equity value	**193,297**
Shares o/s (mn)	1,704
Fair value (VND/share)	**113,500**

Source: HSC Research

Figure 14: Sensitivity analysis, FPT

Our TP is based on terminal growth rate of 3% and risk-free rate of 4%. In the case of terminal growth rate of 0%, TP would be at VND86,500

VND		Risk-free rate				
		3.0%	**3.5%**	**4.0%**	**4.5%**	**5.0%**
Terminal growth rate	**0.0%**	92,300	89,300	86,500	83,800	81,400
	1.0%	100,600	96,900	93,400	90,200	87,300
	2.0%	111,300	106,500	102,200	98,200	94,600
	3.0%	125,500	119,200	**113,500**	108,400	103,900
	4.0%	145,300	136,500	128,800	122,000	116,000

Source: HSC Research

Valuation context

FPT’s stock price fell 12% in 1M and 10% in 3M and underperforming VN Index by 11% and 16% respectively due to the broader fears of AI deflation globally leading to de-rate for Tech valuation.

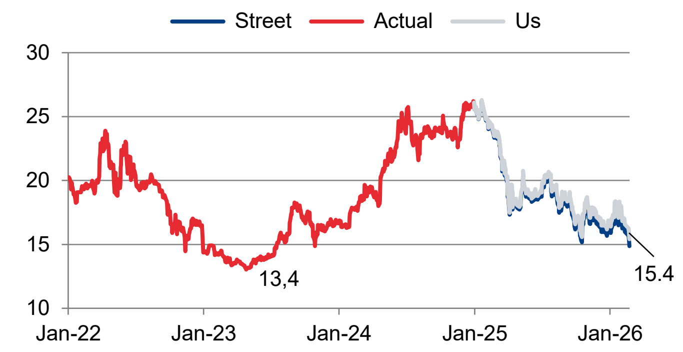
Post correction, FPT now trades on 1-yr rolling fwd P/E of 15.4x (FY26 P/E of 15.6x) vs. its 4Y avg. of 18.9x. In comparison with peers, FPT trades on a 32%/31% discount vs. peers median, of which, peers trade on FY26/27 P/Es of 22.9x and 19.9x respectively (Figure 17).

The real-world impact of AI on IT services is not a total replacement, but a re-skilling and efficiency evolution. When sentiment decouples from reality, the resulting price correction represents a rare entry point for long-term investors. Buying deep means capitalizing on the gap between perceived obsolescence and actual integration.

While short-term challenges persist, rapid adaptation offers a rare opportunity to capture global market share. We view FPT as one of the front runners in this evolution. As a result, we maintain Buy on FPT with new, lower TP VND113,500 (upside 27%).

Figure 15: 1-yr rolling fwd P/E, FPT

FPT trades on 1-yr rolling fwd P/E of 15.4x…



Source: HSC Research

Figure 16: Standard deviation from mean, FPT

… 1.0 SD below its 4Y avg. of 18.9x

Source: HSC Research

Figure 17: Peer valuation, Global IT services companies

FPT still trades at a deep discount vs. global peers, even though many have seen valuations fall to record low/crisis levels

Name	Bloomberg ticker	Mkt cap (USDmn)	FY26 P/E	FY26 P/B	FY26 EV/EBITDA	FY27 P/E	FY27 P/B	FY27 EV/EBITDA	FY26 growth	FY27 growth
Mphasis Ltd	MPHL IN	4,742	22.9	4.3	14.0	19.9	3.9	12.5	9.6%	15.1%
Coforge Ltd	COFORGE IN	4,433	27.9	5.5	14.7	22.2	3.7	11.4	62.2%	35.4%
Persistent Systems	PSYS IN	8,294	39.5	9.8	26.9	32.6	8.2	22.3	28.5%	22.0%
Reply SpA	REY IM	3,909	11.9	1.9	6.1	11.0	1.7	5.7	29.9%	6.1%
Softcat PLC	SCT LN	2,925	15.6	6.1	10.4	14.2	5.5	9.4	8.8%	10.1%
Range Intelligent Comp.	300442 CH	24,407	52.9	10.5	34.3	41.8	8.8	28.2	138.5%	-35.0%
Otsuka Corp	4768 JP	7,487	18.8	2.8	9.5	17.3	2.6	8.8	-8.0%	8.7%
Computacenter PLC	CCC LN	4,402	15.9	3.2	8.3	14.8	2.9	7.8	7.7%	9.4%
NS Solutions Corp	2327 JP	4,715	24.8	2.7	12.5	22.9	2.5	11.9	1.7%	7.8%
SCSK Corp	9719 JP	11,379	28.2	5.4	17.3	27.6	4.9	16.1	32.1%	1.3%
Isoftstone Info. Tech.	301236 CH	7,157	80.5	3.9	24.9	55.0	3.7	21.6	-41.3%	42.8%
TIS Inc	3626 JP	7,157	80.5	3.9	24.9	55.0	3.7	21.6	N/a	42.8%
Infosys	INFO IN	57,480	18.4	5.9	12.1	16.9	5.5	11.1	2.0%	7.4%
Accenture	ACN US	117,965	13.8	3.5	8.5	12.8	3.2	7.9	6.0%	7.8%
Tata Consultancy	TCS IN	105,338	18.7	9.1	12.7	17.3	8.5	11.9	-1.4%	7.9%
FPT (*)	**FPT VN**	**5,910**	**15.6**	**3.5**	**10.2**	**13.8**	**3.0**	**9.3**	**13.2%**	**12.7%**
CMG (*)	CMG VN	312	22.0	2.2	8.4	18.7	2.0	7.3	21.8%	20.1%
Median			**22.9**	**4.3**	**12.7**	**19.9**	**3.7**	**11.9**	**8.2%**	**8.7%**

Note: (*) HSC forecasts.
Source: Bloomberg, HSC Research

Financial statements and key data

Income statements (VNDbn)	12-24A	12-25A	12-26F	12-27F	12-28F
Sales	62,849	70,113	78,813	88,483	99,870
Gross profit	23,698	25,895	29,262	32,339	35,898
SG&A	(13,190)	(14,912)	(16,560)	(18,338)	(20,557)
Other income	-	-	-	-	-
Other expenses	-	-	-	-	-
EBIT	**10,508**	**10,984**	**12,702**	**14,001**	**15,341**
Net interest	124	1,305	1,484	1,911	2,590
Associates/affiliates	393	658	702	874	985
Other non-operational	-	-	-	-	-
Exceptional items	44.6	92.0	103	116	131
Pre-tax profit	**11,070**	**13,039**	**14,992**	**16,903**	**19,047**
Taxation	(1,642)	(1,813)	(2,265)	(2,614)	(3,000)
Minority interests	(1,571)	(1,856)	(2,125)	(2,336)	(2,504)
Exceptional items after tax	-	-	-	-	-
Net profit	**7,857**	**9,369**	**10,602**	**11,953**	**13,544**
Net profit adj'd	**7,849**	**9,353**	**10,583**	**11,933**	**13,520**
EBITDA adj.	**13,044**	**13,883**	**15,805**	**17,760**	**19,890**
EPS (VND)	4,917	5,060	5,726	6,456	7,314
EPS adj. (VND)	4,296	5,060	5,726	6,456	7,314
DPS (VND)	2,000	2,000	2,000	2,500	2,500
Basic shares, average (mn)	1,471	1,704	1,704	1,704	1,704
Basic shares, period end (mn)	1,471	1,704	1,704	1,704	1,704
Fully diluted shares, period end (mn)	1,471	1,704	1,704	1,704	1,704

Cash flow statements (VNDbn)	12-24A	12-25A	12-26F	12-27F	12-28F
EBIT	10,508	10,984	12,702	14,001	15,341
Depreciation & amortisation	(2,535)	(2,900)	(3,103)	(3,758)	(4,548)
Net interest	124	1,305	1,484	1,911	2,590
Tax paid	(1,642)	(1,813)	(2,265)	(2,614)	(3,000)
Changes in working capital	303	(1,147)	(2,013)	(1,310)	(1,456)
Others	(125)	(2,040)	(1,847)	(2,274)	(2,840)
Cash flow from operations	**11,704**	**10,189**	**11,164**	**13,473**	**15,184**
Capex	(3,275)	(5,151)	(3,623)	(4,017)	(4,457)
Acquisitions & investments	(43,063)	(57,705)	(7,383)	(11,233)	(14,556)
Disposals	36,346	49,196	0	0	0
Others	1,530	2,001	2,759	3,284	4,161
Cash flow from investing	**(8,462)**	**(11,660)**	**(8,247)**	**(11,967)**	**(14,852)**
Dividends	(3,292)	(4,574)	(3,407)	(4,259)	(4,259)
Issue of shares	163	1,196	0	0	0
Change in debt	933	6,180	(313)	1,436	1,620
Other financing cash flow	(2.31)	(0.99)	0	0	0
Cash flow from financing	**(2,198)**	**2,801**	**(3,720)**	**(2,823)**	**(2,639)**
Cash, beginning of period	8,279	9,315	10,540	9,737	8,421
Change in cash	**1,044**	**1,331**	**(803)**	**(1,317)**	**(2,307)**
Exchange rate effects	(7.92)	(106)	0	0	0
Cash, end of period	**9,315**	**10,540**	**9,737**	**8,421**	**6,114**
Free cash flow	**8,428**	**5,038**	**7,542**	**9,456**	**10,727**

Balance sheets (VNDbn)	12-24A	12-25A	12-26F	12-27F	12-28F
Cash	9,315	10,540	9,737	8,421	6,114
Short-term investments	21,785	29,613	36,817	47,862	62,221
Accounts receivable	11,382	14,401	15,996	17,959	20,270
Inventory	1,857	2,167	2,433	2,731	2,996
Other current assets	1,197	1,382	1,551	1,741	1,966
Total current assets	**45,536**	**58,103**	**66,534**	**78,714**	**93,566**
PP&E	15,334	16,991	17,124	16,958	16,399
Intangible assets	2,040	1,943	1,867	1,730	1,514
Investment properties	0	0	0	0	0
Long-term investments	1,037	1,157	1,321	1,472	1,631
Associates/JVs	2,281	3,581	3,760	3,948	4,146
Other long-term assets	5,772	6,315	5,871	6,114	6,514
Total long-term assets	**26,464**	**29,987**	**29,943**	**30,222**	**30,204**
Total assets	**72,000**	**88,090**	**96,478**	**108,936**	**123,770**
Short-term debt	14,446	19,170	18,915	20,351	21,971
Accounts payable	4,424	3,837	4,307	4,836	5,458
Other current liabilities	13,105	15,593	16,383	18,394	20,761
Total current liabilities	**34,836**	**41,553**	**42,921**	**47,303**	**52,391**
Long-term debt	501	1,904	1,000	1,000	1,000
Deferred tax	357	199	239	286	344
Other long-term liabilities	315	277	311	349	394
Long-term liabilities	**1,173**	**2,380**	**1,549**	**1,635**	**1,737**
Total liabilities	**36,272**	**44,338**	**44,471**	**48,938**	**54,129**
Shareholders' funds	29,794	36,486	43,652	50,390	58,592
Minority interests	5,933	7,265	8,355	9,608	11,049
Total equity	**35,728**	**43,751**	**52,007**	**59,998**	**69,641**
Total liabilities and equity	**72,000**	**88,090**	**96,478**	**108,936**	**123,770**
BVPS (VND)	20,253	21,418	25,624	29,580	34,394
Net debt/(cash)*	5,632	10,533	10,178	12,930	16,858

Financial ratios and other	12-24A	12-25A	12-26F	12-27F	12-28F
Operating ratios					
Gross margin (%)	37.7	36.9	37.1	36.5	35.9
EBITDA adj. margin (%)	20.8	19.8	20.1	20.1	19.9
Net profit margin (%)	12.5	13.4	13.5	13.5	13.6
Effective tax rate (%)	14.8	13.9	15.1	15.5	15.7
Sales growth (%)	19.4	11.6	12.4	12.3	12.9
EBITDA adj. growth (%)	21.5	6.44	13.8	12.4	12.0
Net profit adj. growth (%)	21.7	19.2	13.2	12.7	13.3
EPS growth (%)	5.47	2.92	13.2	12.7	13.3
EPS adj. growth (%)	21.9	17.8	13.2	12.7	13.3
DPS growth (%)	0	0	0	25.0	0
Dividend payout ratio (%)	40.7	39.5	34.9	38.7	34.2
Efficiency ratios					
Return on avg. equity (%)	28.7	28.3	26.5	25.4	24.9
Return on avg. CE (%)	31.0	26.2	25.4	24.3	23.1
Asset turnover (x)	0.95	0.88	0.85	0.86	0.86
Operating cash/EBIT (x)	1.11	0.93	0.88	0.96	0.99
Inventory days	17.3	17.9	17.9	17.8	17.1
Accounts receivable days	106	119	118	117	116
Accounts payable days	41.2	31.7	31.7	31.4	31.1
Leverage ratios					
Net debt*/equity (%)	20.8	31.0	25.3	27.6	30.6
Debt/capital (%)	21.5	24.8	21.5	20.5	19.4
Interest coverage (x)	N/a	N/a	N/a	N/a	N/a
Debt/EBITDA (x)	1.19	1.57	1.31	1.26	1.21
Current ratio (x)	1.31	1.40	1.55	1.66	1.79
Valuation					
EV/sales (x)	2.18	2.32	2.06	1.86	1.69
EV/EBITDA adj. (x)	10.5	11.7	10.2	9.27	8.48
P/E (x)	18.1	17.6	15.6	13.8	12.2
P/E adj. (x)	20.7	17.6	15.6	13.8	12.2
P/B (x)	4.40	4.16	3.48	3.01	2.59
Dividend yield (%)	2.24	2.24	2.24	2.81	2.81

*Note: *Excluding short-term investments.*
Source: Company, HSC Research estimates