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GUOTAI HAITONG SECURITIES (VIETNAM)

Equity Report: FPT Corporation (HOSE: FPT)

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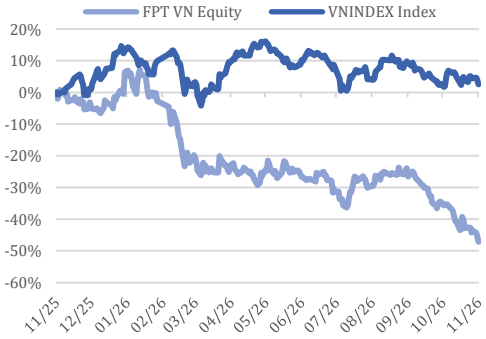
Nov 19, 2026

Analyst meeting update, 18 November 2026

9M2026 parent NPAT reached VND 7,778bn (+13.3% YoY); consolidated net revenue fell 19.8% to VND 40,023bn as FPT Telecom was deconsolidated from 2026. On a like-for-like basis, 10M2026 revenue and PBT grew 12.5% and 16.8% YoY, reaching 77% and 84% of the annual plan. At the 18/11 investor meeting, management called Q3 the trough for FPT Software (revenue USD 360.8M, +8.1% YoY), as price talks in Japan delayed some contract signings. Overseas IT revenue returned to double-digit growth in October; the company guides Q4 at USD 394.9M (+9.5% QoQ) and FY at about USD 1.47B (+~10%). FPT's shift from man-hour pricing to outcome-based, AI-linked solutions shows early results: offshore unit prices in Japan rose 9%, and AI services rose from about 10% to 41% of Japan market revenue. However, margins will stay under pressure over the next 12 months from the weak JPY, AI investment and running two workforces in parallel until 2027.

Current price: (19/11/2026)	**VND 45,700**
6-18m TP:	**N/A**
Upside	N/A

Price performance



Price change	1 M	3 M	1Y
% Abs.	-19.3%	-25.2%	-47.1%
% Rel to VNIndex	-19.2%	-23.5%	-49.7%
Avg price (VND)	52,722	59,623	70,193

Source: Bloomberg, FiinX, Guotai Haitong (VN)

Our view

FPT still faces challenges as the global AI wave evolves at high speed. 10M results show a mix of positives and negatives. On one hand, the company has adapted by transforming its IT services model, with some encouraging results. On the other hand, revenue growth, while still in double digits, is slowing versus prior periods. Meanwhile, narrowing margins weigh directly on the earnings outlook. **Investment risks**: weak JPY; clients delaying large deals and cutting AI budgets; prolonged transition costs.

Shares in issue (m)	1,885.73	Major shareholder	Truong Gia Binh 6.89%
Market cap. (VND b)	88,534.9	Free float (%)	85.0%
3-month average vol. ('000)	7,218.28	D/E	0.38
52-week high/ low (VND)	95,144/46,950		

Source: FPT, FiinX, Guotai Haitong (VN).

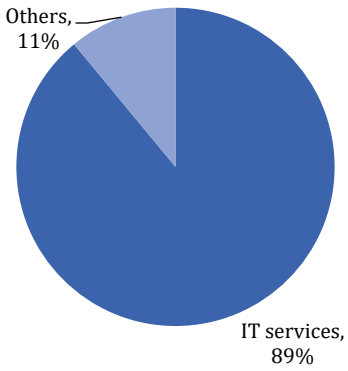
3Q2026 AND 9M2026 BUSINESS RESULTS UPDATE

Business results summary

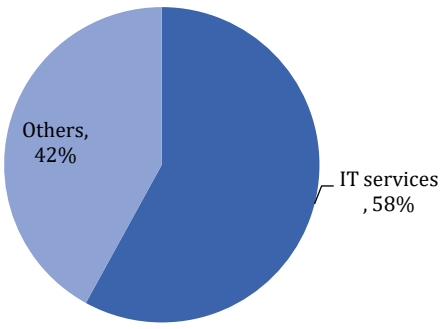
Item (VND bn)	3Q2025	3Q2026	% YoY	9M2025	9M2026	% YoY
Net revenue	**17,205**	**13,754**	**(20%)**	**49,887**	**40,023**	**(20%)**
Cost of goods sold	(10,686)	(9,490)	(11%)	(31,046)	(27,234)	(12%)
Gross profit	**6,519**	**4,264**	**(35%)**	**18,841**	**12,789**	**(32%)**
Financial income	613	530	(14%)	2,423	1,529	(37%)
Financial expenses	(353)	(319)	(9%)	(1,195)	(988)	(17%)
Of which: interest expenses	*(234)*	*(220)*	*(6%)*	*(603)*	*(612)*	*2%*
Share of profit/(loss) from JVs and associates	131	797	509%	374	2,220	493%
Selling expenses	(1,917)	(1,058)	(45%)	(5,536)	(3,209)	(42%)
G&A expenses	(1,647)	(1,187)	(28%)	(5,438)	(3,680)	(32%)
Operating profit	**3,346**	**3,027**	**(10%)**	**9,470**	**8,660**	**(9%)**
Other income, net	28	29	2%	71	110	55%
Profit before tax	**3,375**	**3,056**	**(9%)**	**9,540**	**8,770**	**(8%)**
Corporate income tax	(473)	(327)	(31%)	(1,303)	(994)	(24%)
Profit after tax	**2,902**	**2,729**	**(6%)**	**8,237**	**7,776**	**(6%)**
Non-controlling interests	467	6	(99%)	1,371	(2)	n.m.
NPAT attributable to parent	**2,435**	**2,723**	**12%**	**6,867**	**7,778**	**13%**
Profitability	**3Q2025**	**3Q2026**		**9M2025**	**9M2026**	
Gross margin	37.9%	31.0%		37.8%	32.0%	
Net margin (parent)	14.2%	19.8%		13.8%	19.4%	

Source: FPT, FiinproX, GTHTSVN Research compilation.
From 01/01/2026, FPT Telecom is equity-accounted; 2025 figures are as reported (including FPT Telecom). FPT currently holds a 45.66% stake in FPT Telecom.

9M2026 revenue breakdown



9M2026 revenue breakdown



Source: FPT, GTHTSVN Research

Results commentary

- **Revenue fell due to the change in consolidation, not weaker core business.** From 01/01/2026, FPT Telecom became an associate after the state's ownership rights were transferred to the Ministry of Public Security; FPT now books only its share of profit (about 45.7% stake). As a result, 9M2026 net revenue fell 19.8% YoY to VND 40,023bn, while profit from JVs and associates rose from VND 374bn to VND 2,220bn. On the company's like-for-like basis, 10M2026 revenue grew 12.5% YoY: overseas IT +12.2%, domestic IT +26.5%, education & others -2.5%. ***Hence, 2026 revenue, expenses and margin figures are not directly comparable with reported 2025 figures.***
- **Parent NPAT grew double digits; gross margin fell mainly on mix.** Q3/2026 parent NPAT reached VND 2,723bn (+11.8% YoY), and 9M2026 VND 7,778bn (+13.3% YoY); this line is unaffected by the consolidation change. 9M2026 gross margin fell to 32.0% from 37.8%, mainly as the higher-margin telecom business is no longer consolidated. Management also said the weak JPY, AI investment and staff retraining costs are pressuring technology margins.

UPDATE FROM THE INVESTOR MEETING (Nov 18, 2026)

1. Q3 was the trough for FPT Software; Q4 is expected to deliver record quarterly revenue.

FPT Software's Q3/2026 revenue reached USD 360.8M (+8.1% YoY), slowing from +13.9% YoY in Q2. The Company's Management cited three reasons: (1) clients delayed large deals as Gartner sees global IT services spending growing only 5.3% in 2026, with just 2 deals above USD 10M in Q3; (2) in Japan, lengthy price negotiations pushed some signings back a quarter, cutting Japan market revenue from USD 180M (Q2) to USD 162.6M; (3) APAC market revenue fell 5.4% YoY, though the decline is narrowing. In October, overseas IT revenue returned to double-digit growth, with Japan market revenue up about 22% YoY.

The company forecasts Q4/2026 revenue of USD 394.9M (+9.5% QoQ, +8.5% YoY): Japan market USD 179.9M (+13.3% YoY), Americas market USD 87.6M (+11.3%), APAC market USD 77.3M (-10.3%), Europe & Middle East market USD 50.2M (+24.3%). FY revenue is estimated at about USD 1.47B (+~10%).

2026 backlog is up ~17% (in VND), 2027 target +15-20%; signings-to-revenue conversion is 94%.

2. From man-hour pricing to outcome-based commitments: price increases secured, AI services at 41% of Japan market revenue.

According to FPT, AI lets the same workload be done about 40% faster. Charging by man-hours would cut revenue accordingly, so FPT is moving to Fixed Capacity contracts and outcome-based pricing: clients pay 10-20% less while FPT keeps 20-30 percentage points of the productivity gain. At FPT Japan, traditional (T&M) contracts fell from 63.7% (Q1) to 49.5% (Q4F) of revenue, while Fixed Price and Fixed Capacity rose from 27.7% to 37.4%. FPT Japan's 2026 AI-first revenue is estimated at USD 178.3M, or 26% of its revenue; the quarterly AI share rose from ~10% (Q1) to 41% (Q4).

In 2026, FPT raised prices with 55 Japanese clients; offshore unit prices in JPY rose 9%. FPT Japan has begun 2027 price talks with over 100 clients, with early signs of agreement. Management says that even with 3% average annual increases, FPT stays more competitive than Indian peers in Japan. FPT Software is also the world's first partner to earn Microsoft's Frontier Advanced Specialization (12/11/2026).

3. Margins under pressure during the transition period through 2027.

Management flagged three factors that may pressure short-term margins: (1) the sharp JPY depreciation, which hits overseas revenue as Japan is FPT's main and longest-standing overseas market; (2) high upfront AI services investment, testing Microsoft, OpenAI, Google and Anthropic models in parallel; (3) costs of retraining and redeploying staff for the new business model. Net headcount rose by only about 1,000 as FPT optimised its bench (previously 7-10%). Until end-2027, FPT must run two workforces in parallel for legacy and new projects; it expects to complete the transition in 2027-2028, after which productivity should rise sharply and hiring should grow in line with revenue.

FPT's headcount

	2022	2023	2024	2025	9M2026
Headcount	42,408	48,162	54,646	54,110	44,572

(*) Headcount is below 2025YE as FPT Telecom staff are excluded following its deconsolidation from 1/1/2026.
Meanwhile, FPT's IT headcount stood at 37,618 at the end of Q3/2026, up 6% YTD.

Besides, education faces competition from public universities (over 80% market share) and is launching new majors such as semiconductor design and physical AI, with enrolment expected to recover from 2027. Management also noted some clients have cut AI budgets after deployments hit security, performance and stability issues.

INVESTMENT RISKS

- **JPY exchange rate**: Japan makes up about 45% of FPT Software revenue; a weaker JPY cuts revenue and margins in VND terms.
- **IT demand and AI budgets:** Clients may continue to delay large contracts or cut AI budgets, slowing new signings in 2027.
- **Transition execution risk:** Outcome-based pricing shifts productivity risk to FPT; dual-workforce costs may persist if the transition slips.

Appendix: Financial statements

IS (VND bn)	2024A	2025A	9M2026
Net revenue	**62,849**	**70,113**	**40,023**
Cost of goods sold	(39,150)	(44,224)	(27,234)
Gross profit	**23,698**	**25,889**	**12,789**
Selling expenses	(6,116)	(7,563)	(3,209)
G&A expenses	(7,074)	(7,337)	(3,680)
EBIT	**10,508**	**10,989**	**5,900**
Financial income	1,936	2,977	1,529
Financial expenses	(1,812)	(1,672)	(988)
o/w interest expense	(552)	(810)	(612)
Profit from associates	393	658	2,220
Other income, net	45	92	110
PBT	**11,070**	**13,044**	**8,770**
Corporate income tax	(1,642)	(1,811)	(994)
NPAT before MI	**9,427**	**11,232**	**7,776**
Minority interests	(1,571)	(1,856)	2
NPAT after MI	**7,857**	**9,376**	**7,778**
EBITDA	13,044	13,903	7,193
Adjusted EPS (VND)	4,166	4,972	4,125
BVPS (VND)	20,253	21,416	22,736
Shares outstanding (m)	1,471	1,704	1,886
FINANCIAL RATIOS	**2024A**	**2025A**	**9M2026**
Growth			
Revenue growth	19.4%	11.6%	(19.8%)
EBIT growth	24.3%	4.6%	(25.0%)
PBT growth	20.3%	17.8%	(8.1%)
Parent NPAT growth	21.5%	19.3%	13.3%
Adjusted EPS growth	21.5%	19.3%	13.3%
Profitability			
Gross margin	37.7%	36.9%	32.0%
EBIT margin	16.7%	15.7%	14.7%
EBITDA margin	20.8%	19.8%	18.0%
Net margin	12.5%	13.4%	19.4%
ROE	28.7%	28.3%	26.1%
ROA	11.9%	11.7%	12.7%
Efficiency			
Inventory days	17.3	18.1	19.7
Receivable days	61.2	66.3	74.0
Payable days	41.2	31.7	19.1
Cash conversion cycle	37.3	52.7	74.6
Liquidity			
Current ratio	1.31x	1.40x	1.65x
Quick ratio	1.25x	1.35x	1.58x
Cash ratio	0.89x	0.97x	1.04x
Capital structure			
Debt/Assets	20.8%	23.9%	22.0%
Debt/Equity	41.8%	48.2%	37.7%
Liabilities/Assets	50.4%	50.4%	41.5%
Net debt/Equity	(45.2%)	(43.6%)	(27.8%)
EBIT/Interest (x)	19.0x	13.6x	9.6x

BS (VND bn)	2024A	2025A	9M2026
Cash & equivalents	9,315	10,522	7,377
ST investments	21,785	29,631	21,450
ST receivables	11,382	14,402	13,064
Inventories	1,857	2,194	1,965
Other current assets	1,197	1,389	2,120
Total current assets	**45,536**	**58,137**	**45,977**
Net fixed assets	14,816	17,289	12,115
Investment property	-	-	-
CIP	2,560	1,605	1,131
LT investments	3,318	4,738	12,175
Other LT assets	5,770	6,373	3,932
Total LT assets	**26,464**	**30,005**	**29,353**
Total assets	**72,000**	**88,142**	**75,329**
Trade payables	4,424	3,837	1,907
Customer advances	562	735	761
ST borrowings	14,446	19,170	14,316
LT borrowings	501	1,904	2,280
Other liabilities	16,339	18,749	12,025
Total liabilities	**36,272**	**44,394**	**31,290**
Share capital	14,711	17,035	18,857
Share premium	50	50	50
Retained earnings	11,031	14,302	21,380
Other reserves	4,003	5,096	2,587
Parent equity	**29,794**	**36,483**	**42,874**
Minority interests	5,933	7,265	1,166
Total equity	**35,728**	**43,748**	**44,039**
Total liab. & equity	**72,000**	**88,142**	**75,329**
CF (VND bn)	**2024A**	**2025A**	**9M2026**
Beginning cash	8,279	9,315	10,522
Profit before tax	11,070	13,044	8,770
D&A	2,535	2,914	1,293
Change in WC	303	(1,249)	(4,226)
Other adjustments	(2,204)	(4,573)	(4,885)
Operating CF	**11,704**	**10,136**	**952**
Capex, net	(3,261)	(5,091)	(2,025)
Lending & investments	(6,731)	(8,535)	(4,764)
Interest & dividends	1,530	2,001	1,246
Investing CF	**(8,462)**	**(11,625)**	**(5,543)**
Dividends paid	(3,292)	(4,574)	(1,716)
Equity raised	163	1,196	108
Net borrowing	931	6,179	3,083
Financing CF	**(2,198)**	**2,801**	**1,475**
Net cash flow	**1,044**	**1,313**	**(3,116)**
FX effect	(8)	(106)	(28)
Ending cash	**9,315**	**10,522**	**7,377**

STOCK RATINGS

Benchmark index: **VN – Index.** Investment horizon**: 6 to 18 months**

Rating	Definition
Buy	Expected return >= 15% Or the company/sector has a positive outlook
Accumulate	Expected return of 5% to 15% Or the company/sector has a positive outlook
Neutral	Expected return of -5% to 5% Or the company/sector has a neutral outlook
Reduce	Expected return of -15% to -5% Or the company/sector has a negative outlook
Sell	Expected return below -15% Or the company/sector has a negative outlook

SECTOR RATINGS

Benchmark index: **VN – Index** Investment horizon: **6 to 18 months**

Rating	Definition
Outperform	Sector average return exceeds the VN-Index by more than 5% Or the sector outlook is positive
Neutral	Sector average return relative to the VN-Index between -5% and 5% Or the sector outlook is neutral
Underperform	Sector average return trails the VN-Index by more than 5% Or the sector outlook is negative

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