FPT Securities

INITIAL VALUATION REPORT

INDUSTRY: TECHNOLOGY | **June 19th 2026**

FPT CORPORATION (HSX: FPT)

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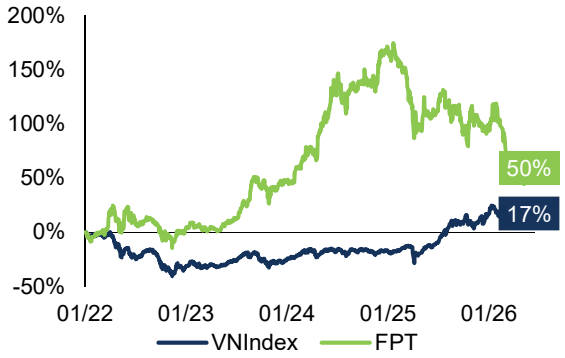
FPT and VNIndex price movements



Transaction information (June 19, 2026)	
Current price (VND/share)	71,500
52-week high price (VND/share)	109,400
52-week low price (VND/share)	69,000
Number of listed shares (million shares)	1,704
Number of outstanding shares (million shares)	1,704
Average 30-day trading volume (shares)	10,841,433
% foreign ownership	29.4 %
Market capitalization (billion VND)	120,949
Trailing 12-month P/E (times)	13.0 x
Trailing 12-month EPS (VND/share)	5,500

Company Overview	
Name	FPT Corporation
Address	FPT Building, 10 Pham Van Bach Street, Cau Giay Ward, Hanoi City
Main revenue	Information technology services
Main costs	Personnel costs, outsourced services (licenses, tools, etc.)

Current price:	**71,500**	**Recommendation**
Target price:	**95,400**	**BUY**
Increase/(decrease):	**+33%**	

LONG-TERM MOTIVATION FROM AI TRENDS

We recommend **BUY** FPT at **95,400 VND / share, 33%** higher than the closing price on **June** 19th, 2026 (using the SOTP and P/E methods), based on:

INVESTMENT THESIS:

FPT is the leading IT corporation in Vietnam, with IT service business operations concentrated in major markets worldwide and domestically. The company has positive business prospects thanks to continuously developing services aligned with global technology trends, combined with a sustainable competitive advantage from its technology education ecosystem.

- **Technology segment (~ 55.8 % of 2026F PBT): Growth driver from expanding the portfolio of high value-added services** *(Details)*

In 2026F, IT service revenue is projected to grow +13.4% YoY (reaching 50,443 billion VND), supported by strong growth in newly signed contracts from late 2025 amid the recovery of global IT spending. The PBT margin of this segment is expected to improve by +0.8 ppt YoY (reaching 13.9%) thanks to new large-scale contracts with high value-added content.

During 2026–2030F, segment revenue and PBT (Profit before tax) are expected to grow at CAGR of +13.6% per year and +15.8% per year, respectively, driven by AI Transformation demand in major markets offsetting the decline of traditional IT services, with PBT margin improving thanks to a higher proportion of high value-added services.

- **Education segment (18.7 % of 2026F PBT): Long-term talent foundation for the Technology segment** *(Details)*

In 2026F, revenue and PBT of the education segment are expected to reach 6,766 billion VND (-3.5% YoY) and 2,361 billion VND (-13.3% YoY), respectively, due to a decline in university enrollment amid competitive pressure from public universities and slowing demand for IT personnel.

During 2026–2030F, revenue and PBT of this segment are expected to recover by +7.8% per year and +6.3% per year, respectively, thanks to: (1) attracting new students through the addition of new university training fields (artificial intelligence, microchips - semiconductors) with high demand; and (2) expanding K-12 education in provinces. At the same time, restructuring programs toward new fields helps strengthen the

Competitive advantage	The "AI-First" strategy and IT personnel costs.
Main risks	Traditional IT jobs are declining due to AI.

supply of specialized human resources for FPT's Technology segment in the long term.

INVESTMENT RISKS: *(Detail)*

- **The trend of AI transformation** is expanding more slowly than expected.
- **Exchange rate losses due to fluctuations in the JPY /VND rate,** given that Japan is FPT's largest global market.
- **Student enrollment growth** has been slower than expected due to increased competition from the public sector.

A. COMPANY OVERVIEW

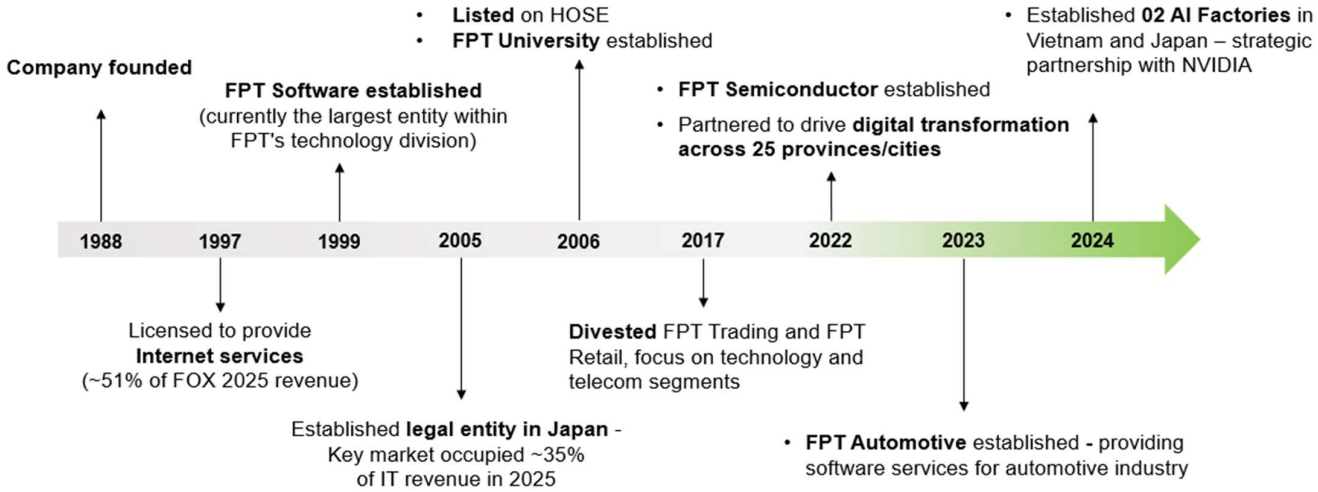
I. History of formation and development

FPT Corporation (HOSE: FPT) was established in 1988 and operates as a diversified technology conglomerate, with three core pillars including information technology services, telecommunications, and education.

FPT currently leads the domestic market in digital transformation consulting, as well as the provision and implementation of technology and telecommunications solutions. The company has also expanded its business footprint to 30 countries and territories worldwide to tap into high-value customer segments.

Overall, FPT maintains proactive investor relations activities with a high frequency of information disclosure through regular quarterly update meetings and monthly business performance update reports.

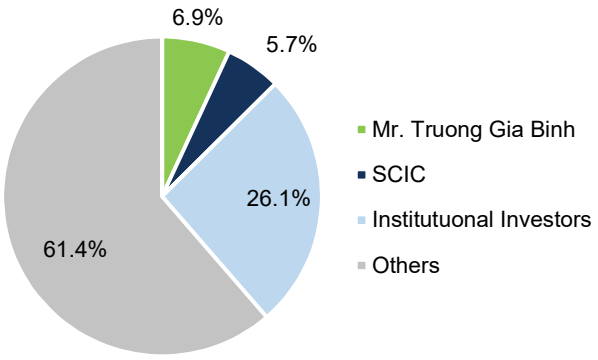
Figure 1: History of formation and some important development milestones



Source: FPT, FPTS research

II. Shareholder structure

Chart 1: Shareholder structure of FPT



FPT's shareholder structure is quite fragmented, with Mr. Truong Gia Binh (Chairman of the Board) holding 6.9% of the shares; the State Capital Investment and Business Corporation (SCIC) holding 5.7%. In addition, the remaining group of institutional shareholders holds approximately 26.1% of FPT's shares.

Source: FPTS research

III. Organizational structure

FPT currently directly owns 6 subsidiaries divided into Technology and Education & Investment business units. In addition, FPT has 3 affiliated companies: FPT Telecom (UPCoM: FOX), FPT Synnex, and FPT Retail (HSX: FRT),

operating in the fields of Internet services, telecommunications, ICT equipment distribution, and retail. Details are presented in the following table:

Table 1: FPT Organizational Structure

No.	Company name	Charter capital (Billion VND)	Ownership rate	Business field	Department
	Subsidiary company				
1	FPT Software	6,250	100%	Software services and products	Technology
2	FPT IS	1,300	100%	Application software solutions, system integration	
3	FPT Smart Cloud	1,000	100%	Information technology	
4	FPT Digital	60	100%	Digital transformation consulting	
5	FPT Education	4,000	100%	Training and technology services	Education & Investment
6	FPT Investment	1,000	100%	Financial investment	
	Affiliated company				
1	FPT Telecom (FOX)	7,387	45.7%	Internet and paid television services	Telecommunications
2	FPT Online	185	49.5%	Online services	
3	Synnex FPT	4,000	48%	Manufacturing and distributing ICT equipment	Other
4	FPT Retail (FRT)	1,362	46.5%	Retail; telecommunications service agency	

Source: FPT, FPTS research

IV. Main business areas

FPT's business activities in 2026F encompass two main areas:

(1) Information Technology services (54.3% of 2026F PBT) is FPT's core business, focusing on providing services such as digital transformation (DX), software development, and system integration. Global markets are the primary end markets, contributing approximately 50.1% of the group's projected 2026F PBT. FPT's IT services segment is currently facing a two-sided impact from technological advancements: (i) the volume of traditional IT work is declining due to the rapid development of AI; while (ii) new opportunities are emerging from service segments such as AI transformation and integration (AIX – AI Transformation).

(2) Education & Others (45.7% of 2026F PBT): includes a vertically integrated education system ranging from K-12 education (FPT School), vocational education (FPT Polytechnic), and higher education (FPT University), along with other educational platforms. The education segment benefits from rising demand for modern education models, but faces significant competitive pressure from public institutions. At the same time, this segment plays a supporting role in ensuring a long-term talent pipeline for FPT's technology business.

Chart 2: Global IT segment dominates FPT's projected revenue structure in 2026F.

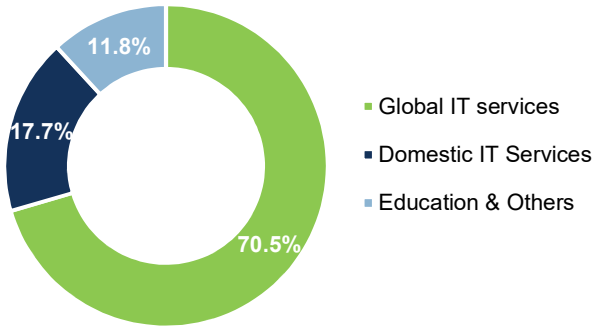
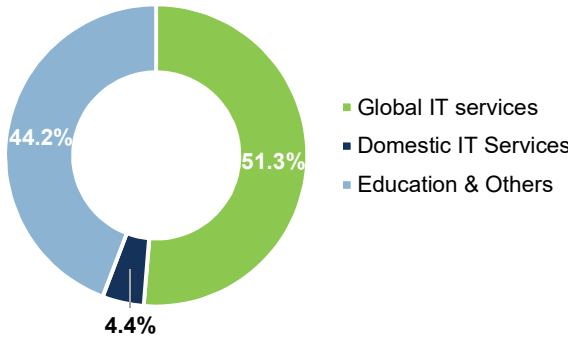


Chart 3: Projected PBT structure of FPT in 2026F



Source: FPTS research

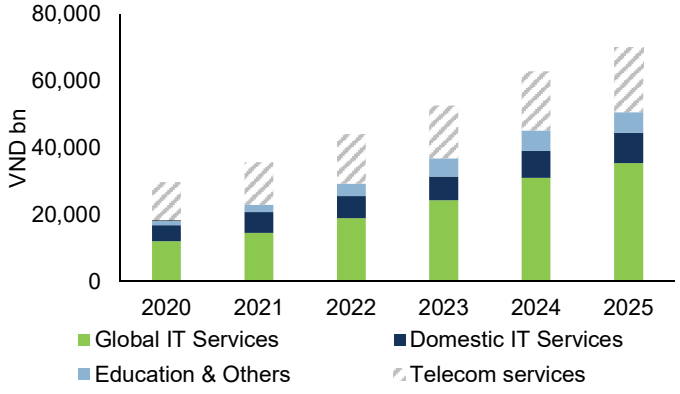
B. BUSINESS ACTIVITY ANALYSIS

During 2020–2025, FPT's net revenue (excluding the telecommunications segment) recorded a CAGR of +22.5% per year, of which: (1) Global IT grew by +24.1% per year, benefiting from the surge in global IT spending following the COVID-19 pandemic and the digital transformation trend among enterprises; and (2) Education & Others segment grew by +31.5% per year, supported by the expansion of university enrollment. Meanwhile, FPT's PBT margin remained stable at approximately 16.9% during this period.

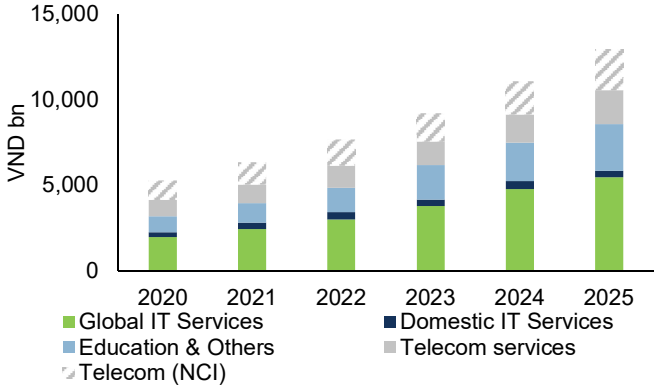
Within the scope of this report, we focus only on analyzing the IT services and education segments, as the telecommunications segment is no longer consolidated into the group's financial results from 2026 onward. *(Appendix: Changes in the consolidation method of FPT Telecom's financial statements effective from January 1, 2026)*

Charts 4& 5: FPT's revenue and PBT structure remains stable, with overseas IT services being the core business segment making the largest contribution.

FPT's revenue structure in 2020-2025 period



PBT structure in 2020-2025 period



**FPT will no longer record telecommunications revenue in its net revenue structure from 2026 onwards.*

Source: FPT, FPTS research

I. Technology segment (54.3% of PBT) – Value chain migration drives growth.

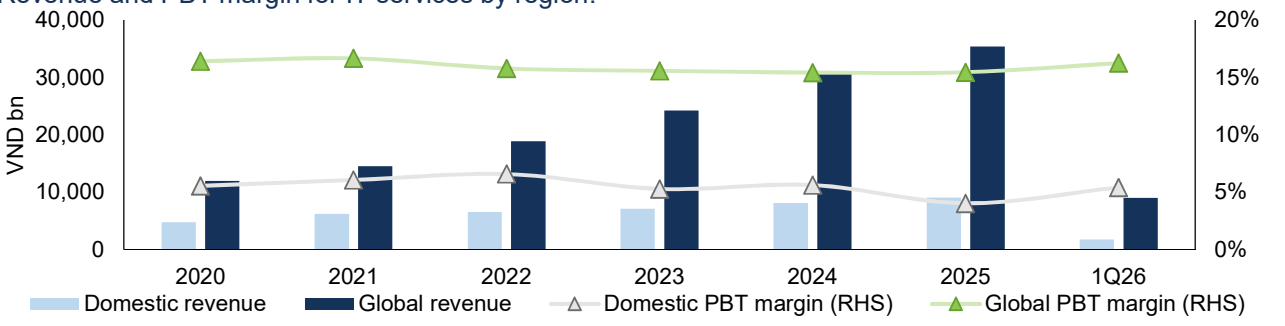
FPT's IT services segment operates under an outsourcing model characterized by labor intensity. This business primarily depends on its ability to attract customers and the demand for IT services spending.

Revenue from FPT's Technology segment grew at an average rate of +21.5% per year during 2020–2025, with 80% generated from global markets at a CAGR of +24.1% per year. In these markets, FPT mainly increased the number of newly signed large-scale contracts by leveraging demand from the global digital transformation trend (DX – Digital Transformation) and its labor cost advantage. In addition, the domestic market (~20% of IT revenue) also maintained a CAGR of +13.6% per year, driven by strong DX demand from the government and private enterprises.

On average during 2020–Q1/2026, the global IT segment recorded a PBT margin of approximately 15.9%, significantly higher than the approximately 5.5% margin of the domestic segment, thanks to a larger contribution from high value-added digital transformation projects and lower labor costs.

Chart 6: High growth in IT revenue, primarily driven by global markets.

Revenue and PBT margin for IT services by region.



Source: FPT

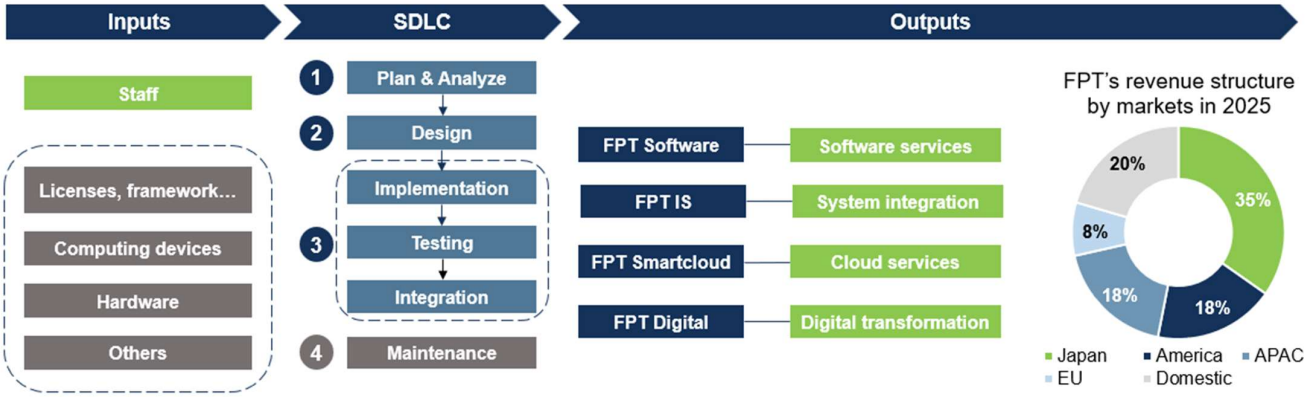
The array's value sequence is as follows:

Regarding inputs, FPT currently has more than 31,200 employees working in the technology segment, who are the direct creators of value for the company's IT services and account for approximately 50% of the operating cost structure. The remaining costs are related to the procurement of software licenses/programming frameworks and investments in computing infrastructure and servers to support business operations.

Regarding the service process, FPT delivers IT services through key steps including: (1) consulting and analyzing customer requirements; (2) designing solutions and system architecture; (3) development, testing, and deployment; and (4) system operation, maintenance, and optimization. We do not focus on analyzing this factor in depth, as the above implementation process is an industry standard and does not create significant competitive differentiation among service providers.

Regarding outputs, FPT provides services to key markets such as Japan, the U.S., APAC, the EU, and the domestic market. Its customer base consists of enterprises operating across various industries (banking and finance services, energy, automotive, etc.). FPT mainly provides services such as digital transformation solutions, software development, and system integration. The output side represents the key bottleneck of the IT services industry, as revenue and profit growth depend more heavily on a company's ability to access markets and its position within the value chain.

Figure 2: FPT's technology segment value chain

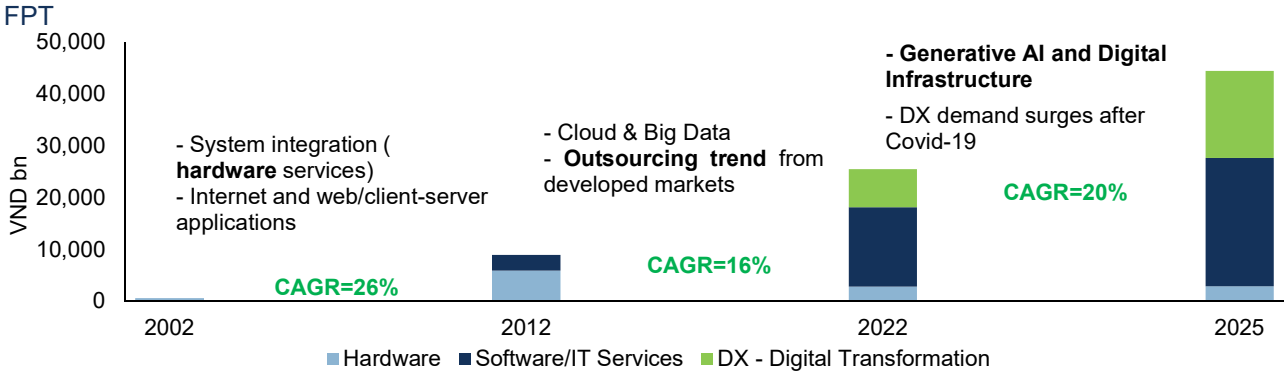


Source: FPTS research

1. Output: Expansion into high value-added service portfolios to offset the decline in traditional IT demand.

Revenue from FPT's technology segment maintained strong growth during 2002–2025 (CAGR = +20.6% per year), driven by its ability to capture three major phases of transformation in the IT value chain, including: system integration and IT infrastructure deployment (2002–2012), the global digital transformation wave associated with cloud computing, big data, and increasing software outsourcing (2012–2022), and accelerated investment in digital infrastructure, cloud, and AI applications amid the post-COVID-19 surge in DX demand (2022–2025).

Chart 7: FPT's IT revenue maintains high growth rate despite going through different phases of technological innovation.



Source: FPT, FPTS research

Compared with previous periods, which mainly focused on expanding markets and service offerings, FPT is currently concentrating on shifting its service mix by gradually moving deeper into higher value-added and more stable-demand activities such as consulting, system design, and IT operations.

Accordingly, **technological advancements—particularly the rapid development of AI**—will have a two-sided impact on the business operations of FPT's technology segment. Specifically:

(1) Demand for traditional IT services (basic programming, testing, repetitive tasks, etc.) is declining. Specifically, new tools such as Claude Code have demonstrated significant capabilities in automating the analysis and restructuring of COBOL systems (according to Anthropic, February 2026). Accordingly, AI can shorten the legacy system modernization process to just a few quarters (compared with years previously), significantly reducing both the workload and pricing power of traditional IT service providers. *See appendix: AI applications enhance productivity in IT service delivery.*

(2) (2) Conversely, AI has created a new market driven by demand for consulting, designing, and operating AI-integrated systems. In this context, FPT is proactively shifting from the time-and-material model (selling labor hours, with growth dependent on workforce scale) toward end-to-end service/solution models—featuring longer-term partnerships and assuming a deeper role in operating and optimizing clients' systems.

As of Q1/2026, revenue from digital transformation consulting accounted for approximately 47% of global IT revenue, corresponding to growth of approximately 36% per year since 2020. This reflects FPT's transition from a traditional outsourcing provider to a long-term technology partner, participating in projects with broader service scopes and higher value.

In addition, FPT is serving customers across various industries, including automotive software, manufacturing, and banking, financial services, and insurance (BFSI). These sectors are characterized by large contract sizes, high levels of system integration, and deep industry expertise requirements—indicating that FPT is increasingly involved in higher value-added activities such as consulting, system design, and operations, rather than merely software development and outsourcing.

Chart 8: Digital transformation activities account for a high proportion of the global IT services.

FPT's Digital Transformation

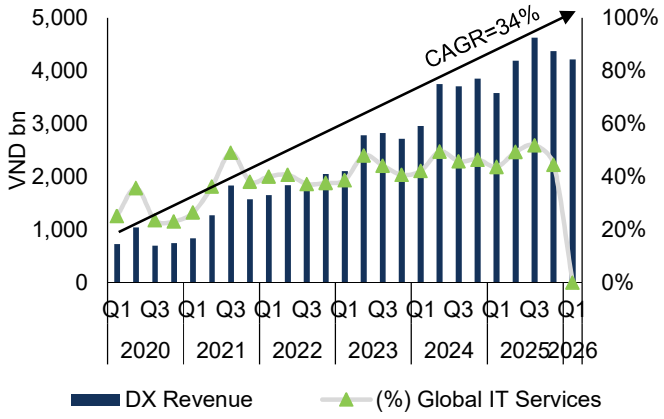
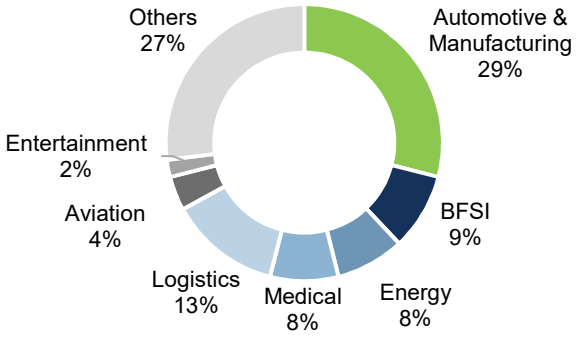


Chart 9: Revenue from automotive software and manufacturing accounts for the largest share.

Structure of global IT revenue by industry group in 2025



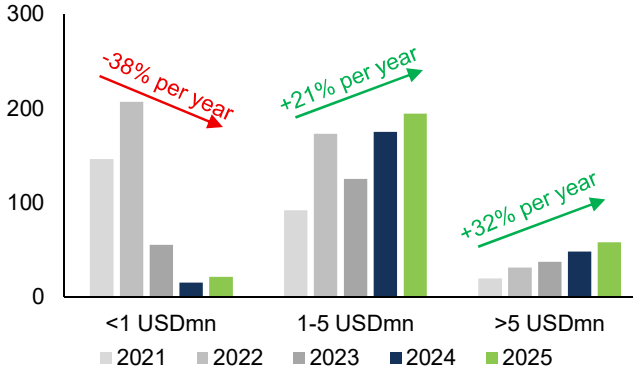
Source: FPT, FPTS research

The number of new contracts signed by FPT during 2021–2025 has shown a shift from contracts valued below 1 million USD (-38% per year) toward contracts valued at 1–5 million USD (+21% per year) and above 5 million USD (+32% per year).

High-value contracts partly reflect FPT's improving position in the IT services market, which is associated with longer partnership cycles and broader service coverage, rather than standalone outsourcing assignments.

Chart 10: FPT's contract structure is gradually shifting towards higher-value contracts.

Number of new contracts signed by size



Source: FPT, FPTS research

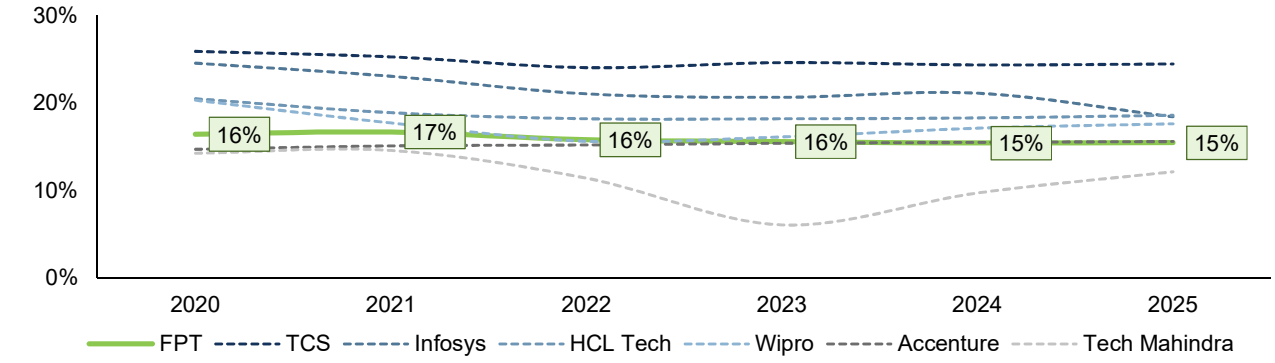
FPT's shift toward higher value-added services will help improve the operating margin of its global IT segment. Currently, FPT's operating margin (~15%) remains below that of Indian software companies (averaging ~20%), reflecting FPT's lower positioning in the value chain and, consequently, weaker pricing power. Specifically:

(1) Indian companies, with their long-standing presence and relationships in developed markets, typically undertake higher value-added activities within the IT services value chain. As a result, they serve a larger proportion of BFSI clients—a segment characterized by high contract values, complex technical requirements, and continuous needs for system maintenance and modernization (particularly in the U.S., where many legacy systems still operate on COBOL platform [1]). This enables these companies to enhance margins, as higher value-added services support stronger pricing power.

(2) In Japan—the largest market for FPT—although demand for digital transformation and system modernization in the BFSI sector is also substantial, most large-scale projects are typically handled directly by domestic technology conglomerates (Hitachi, NTT, etc.) in their relationships with end customers. In this context, FPT mainly participates in the technical implementation stages within the service delivery chain, resulting in limited contract sizes and value-added per project. Accordingly, BFSI currently accounts for only approximately 9% of FPT's revenue, lower than that of industry peers.

Chart 11: The operating margin of FPT's global IT segment remains lower than that of major peers.

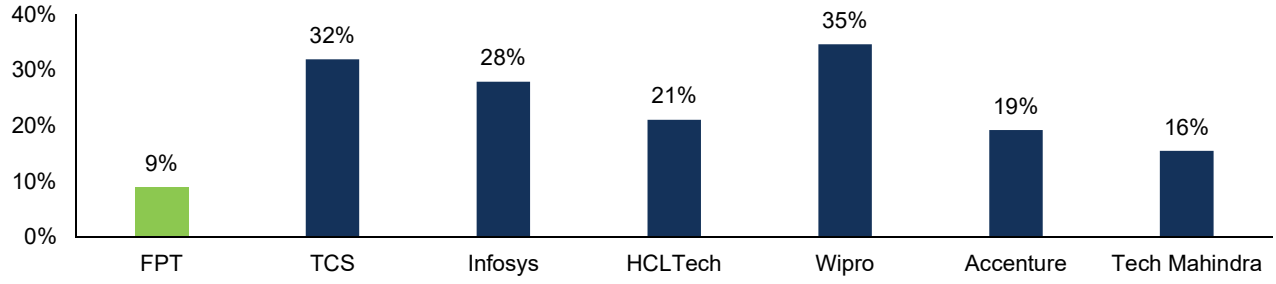
Comparison of operating margin between IT service providers



Source: FPTS research

Chart 12: FPT's revenue proportion to the BFSI segment is lower than that of industry peers.

Revenue proportion from BFSI segment (%)

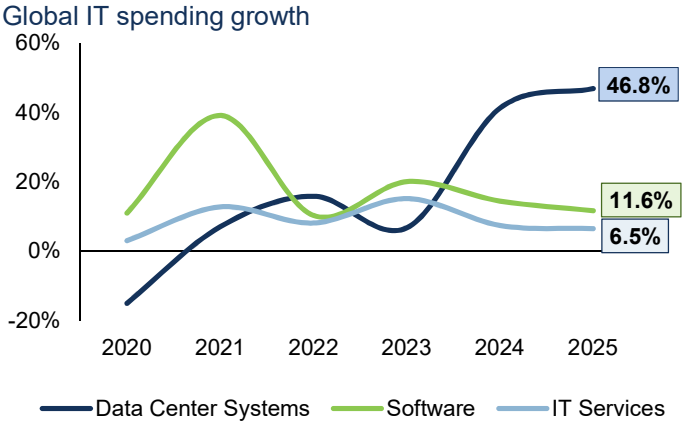


Source: FPTS research

[1] **COBOL** is a programming language developed in the late 1950s that is still widely used in core financial systems (banking core systems, payments, and insurance), particularly in the U.S. and Japan. These systems run on mainframe platforms that process large volumes of transactions daily and require high reliability, making full replacement both complex and costly.

According to Gartner, global IT spending recorded a CAGR of +7.4% per year during 2020–2025, with software and data centers serving as the primary growth drivers. Specifically, software-related IT spending grew by +18.7% per year during the same period, driven by rising enterprise DX demand following COVID-19. Meanwhile, data center spending also recorded strong growth of +26.5% per year, supported by the rapid development of AI models and open-source large language models (LLMs), which have triggered surging demand for computing infrastructure and data centers.

Chart 13: Global IT spending growth is driven by the data center and software segment.



Source: Gartner, FPTS research

FPT's IT strategy is focused on overseas markets, which currently account for approximately 45% of revenue (compared with only ~5% from the domestic market) and recorded a CAGR of +24.1% per year during 2020–2025. The company provides services to four key markets: Japan (22% of 2025 net revenue), the U.S. (12%), APAC (12%), and the EU (5%).

Chart 14: Japan accounts for the largest proportion of IT revenue.

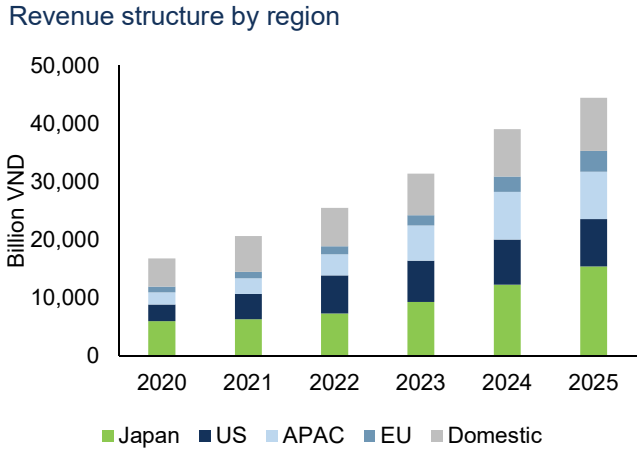
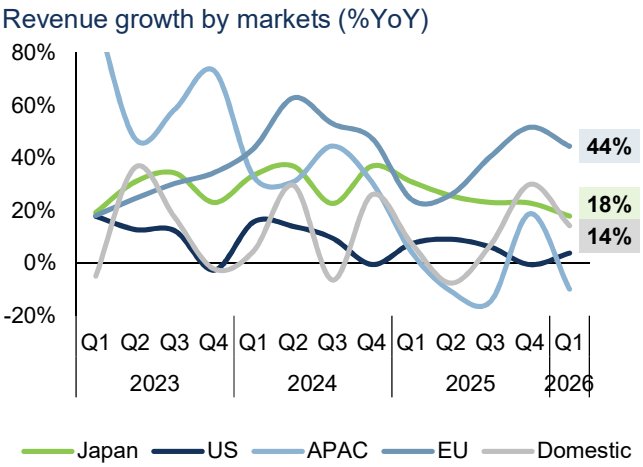


Chart 15: Japan and the EU maintain growth, while APAC and the U.S. have slowed.



Source: FPT, FPTS research

FPT has continuously expanded its global markets through mergers and acquisitions (M&A), primarily targeting technology companies with available customer bases and market recognition, enabling FPT to quickly enter and scale its operations.

Table 2: FPT continuously invests in technology companies in global markets.

List of FPT's global technology M&A deals.

Year	M&A Company	Nation	Field	Note
2014	RWE IT Slovakia	Slovakia	IT Services	Buyback 100%
2018	Intellinet Consulting	America	Technology consulting	Acquire 90%
2022	LTS Inc.	Japan	Business management and digital transformation consulting	Strategic investment
2023	Intertec International	America	IT Services	
2023	Landing AI	America	AI software	Strategic investment
2023	Cardinal Peak	America	IT Services	
2023	AOSIS	France	Technology consulting	Acquire 80%

2024	Next Advanced Communications (NAC)	Japan	IT Services	Buyback 100%
2025	David Lamm Consulting	Germany	Technology consulting	

Source: FPTS research

FPT's market structure is diversified, with different characteristics and growth drivers.

(1) Japan (34.7% of IT revenue): Sustainable DX demand amid a shortage of local talent.

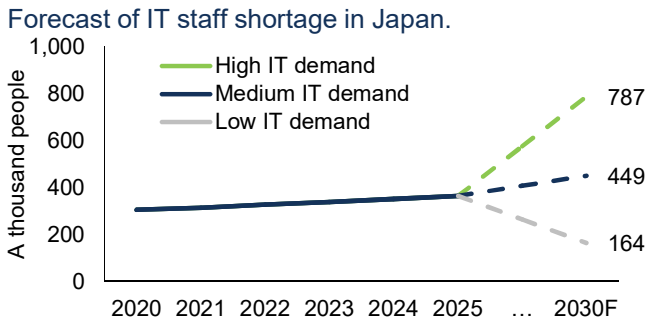
Japan is currently FPT's largest global IT market, accounting for approximately 34.7% of 2025 IT revenue (reaching 15,453 billion VND, +25% YoY). The key growth drivers in this market are digital transformation, system integration, and legacy system modernization. Japan exhibits strong demand for IT outsourcing services and maintains stable growth, driven by:

(a) Long-term digital transformation demand: Many Japanese enterprises still operate on IT systems built decades ago (so-called black-box legacy systems [2]) which are characterized by complex and outdated architectures. As a result, system modernization and digital transformation initiatives are both time-consuming and costly. *(Appendix: Anthropic publishes an AI mode supporting translation and logic processing for legacy systeml)*

(b) Rising outsourcing demand: Driven by population aging, which has exacerbated the shortage of IT personnel.

FPT enjoys significant advantages in expanding its service scale in the Japanese market, thanks to its abundant IT talent pool, ability to meet language requirements, and cultural compatibility. Demand from Japanese customers, particularly small and medium-sized enterprises (SMEs), is increasing as they seek overseas partners to supplement resources, optimize costs, and accelerate the modernization of their IT systems.

Chart 16: There is a growing shortage of IT personnel in Japan due to an aging population while demand remains high.



Source: METI, Mizuho, FPTS research

The Japanese market is characterized by a preference for domestic service providers, with major IT companies such as Hitachi, NTT, and NEC currently holding the majority of market share in the large enterprise and public sectors. FPT is gradually moving up the value chain by increasing its presence among large customers and expanding into higher value-added service segments. In this regard, Mr. Toshikazu Nambu – Executive Director of the Cross-ministerial Strategic Innovation Promotion Program at the Cabinet Office of Japan – joined FPT's Board of Directors in April 2026 and is expected to strengthen FPT's competitiveness in bidding for large-scale projects in Japan, leveraging his network within the public sector and large enterprises.

Meanwhile, Indian companies—despite their strong global positioning—have limited presence in Japan. This is mainly attributable to (1) language barriers and cultural differences, and (2) limited supply of IT talent oriented toward the Japanese market, as integrated IT and Japanese-language training programs are not widespread.

See appendix: Leading IT universities in Vietnam all offer Japan-oriented programs.

FPT is also accelerating investment in AI infrastructure in Japan—the company's largest IT export market. Since late 2024, FPT has operated an AI Factory in Japan, providing GPUs computing capacity and data infrastructure for Japanese enterprises to develop and deploy AI/ML models. This positions the company to capture opportunities

[2] **"Black box legacy systems"** is a term used by Japan's Ministry of Economy, Trade and Industry to describe legacy IT systems with complex architectures and insufficient technical documentation, making maintenance and upgrades highly dependent on long-tenured engineers, many of whom are approaching retirement age.

According to METI estimates, Japan's economy will incur losses of approximately 80 billion USD (~2% of GDP) annually from 2025 onward if existing IT systems—which have become increasingly complex and obsolete—are not modernized in a timely manner.

in Japan's AI infrastructure market, which reached 4.6 billion USD in 2025 (growing 7x during 2022–2025), driven by the Japanese government's Economic Security Promotion Act (ESPA).

FPT does not merely provide computing infrastructure services but also integrates them with consulting and implementation services, thereby delivering comprehensive AI solutions for enterprises. Accordingly, this infrastructure serves as a foundation for enhancing existing services such as digital transformation and legacy system modernization, while also expanding into AI-related services. Based on estimates, FPT's AI Factory in Japan operated at a loss in 2025, with utilization reaching approximately 40% (the net profit breakeven point is estimated to correspond to an occupancy rate of around 70–80%).

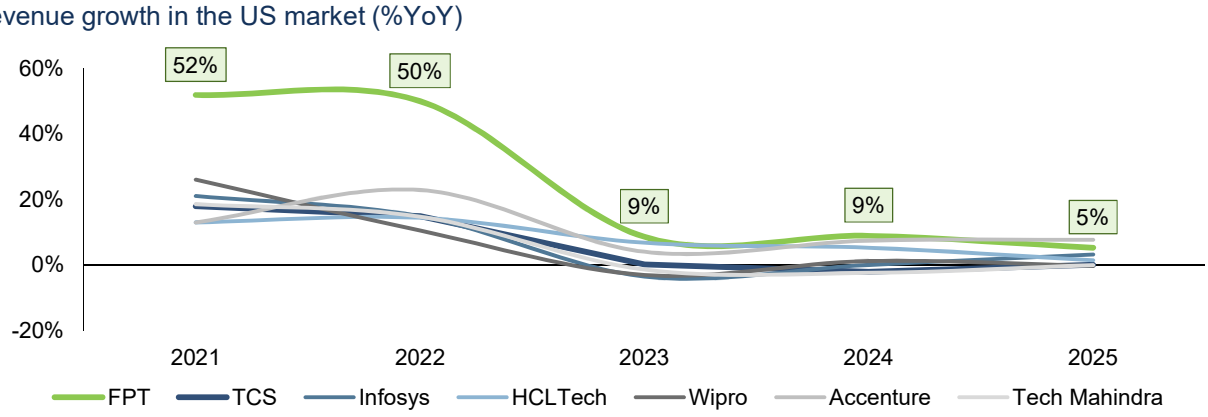
(2) U.S. (18.4%) and APAC (18.4%) markets: Intense competition amid tighter IT budgets

FPT's IT service revenue in the U.S. and APAC markets recorded CAGRs of 23% and 31%, respectively, during 2020–2025 (each accounting for approximately 18.4% of 2025 IT revenue), benefiting from the global technology spending boom. The COVID-19 pandemic exposed the limitations of traditional IT systems, forcing enterprises to accelerate DX initiatives to ensure business continuity, adapt to changing customer behavior, and optimize costs. At the same time, projects postponed during the pandemic resumed, creating a broad-based surge in IT spending.

In 2025, growth in the U.S. and APAC markets slowed (+5% and -1% YoY, respectively), mainly due to **(a)** a highly competitive environment, particularly from Indian IT companies, and the increasing adoption of AI, which has automated part of the workload and reduced demand for traditional IT services; and **(b)** tighter IT spending budgets by enterprises amid persistent global economic uncertainty.

These developments reflect a cooling down in global IT spending following a period of strong growth. Enterprises have increasingly postponed or extended large-scale digital transformation projects while prioritizing projects with shorter implementation cycles and clearer returns on investment. This trend has not only been observed in the U.S. but has also spread to developed APAC markets such as Singapore and South Korea, thereby affecting both the growth rate and contract values of IT service providers such as FPT.

Chart 17: Growth among IT service providers has slowed significantly in the U.S. market.



Source: FPTS research

(3) EU market (8.1%) : Strong growth supported by policy initiatives

In 2025, IT service revenue from the EU market reached 3,594 billion VND, accounting for approximately 8.1% of total IT service revenue. The market recorded a CAGR of +29% per year during 2020–2025, primarily driven by rising digital transformation demand, supported by the EU Digital Decade initiative, which targets 75% of enterprises adopting digital technologies by 2030. Given that cloud computing and AI penetration rates in the region currently stand at only 29% and 13%, respectively, this substantial gap provides significant long-term growth potential, directly supporting demand for large-scale IT system implementation and operation services.

In this context, FPT is currently focused on the energy sector (contributing approximately 50% of EU revenue), an industry facing significant digital transformation pressure due to the EU's renewable energy policies. The sector is characterized by large contract sizes, deep domain expertise requirements, and long contract durations.

(4) Domestic market (20.4%): Growth driven by the Made-by-FPT service ecosystem.

Overall, the domestic market contributes a relatively small share of FPT's profit structure, accounting for only around 10.4% of the IT segment's PBT on average during 2020–2025. Nevertheless, the segment maintained solid growth,

with revenue recording a CAGR of +14% per year over the same period. The primary growth drivers include the domestic IT investment cycle, focused on: (1) system integration and infrastructure deployment contracts for government agencies, banks, and large enterprises; and (2) DX projects delivered through the Made-by-FPT ecosystem. Over the long term, Resolution 57-NQ/TW (issued on December 22, 2024), which focuses on promoting science, technology, and national digital transformation, is expected to provide a supportive foundation for domestic IT investment demand.

During 2020–2025, Made-by-FPT services emerged as the key growth driver of the domestic IT segment, with revenue recording a CAGR of +74% per year and contributing approximately 29% of domestic IT revenue in 2025. In contrast, traditional services such as system integration and infrastructure deployment recorded only modest growth, with a CAGR of +7% per year.

This trend reflects a structural shift in the domestic IT segment's service mix, where growth is gradually moving away from standalone implementation projects toward software products and platforms developed internally by FPT.

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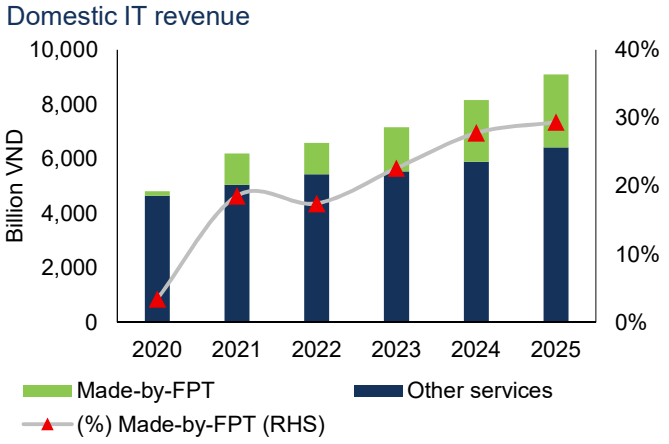
Chart 18: Made-by-FPT is the main contributor to domestic revenue growth.



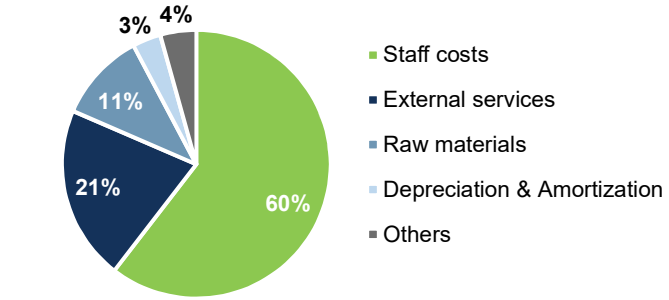
Source: FPT, FPTS

FPT also operates an AI Factory in Vietnam to provide computing capacity for training AI models. The facility is currently operating at approximately 80% utilization and has reached breakeven, although its profit contribution remains limited.

2. Input: Low IT labor costs are no longer the core competitive driver.

Software outsourcing services are labor-intensive in nature, as reflected by employee-related expenses accounting for the largest share of FPT's cost structure at approximately 60% in 2025. These costs primarily consist of software engineers, consultants, project managers, and related personnel. In addition, outsourced services represent a significant portion of costs (~21% of the cost structure), including infrastructure leasing, software/source code licensing, and development tools.

Chart 19: Employees and outsourced services account for the largest proportion of FPT's cost structure.



Source: FPT , FOX, FPTS research

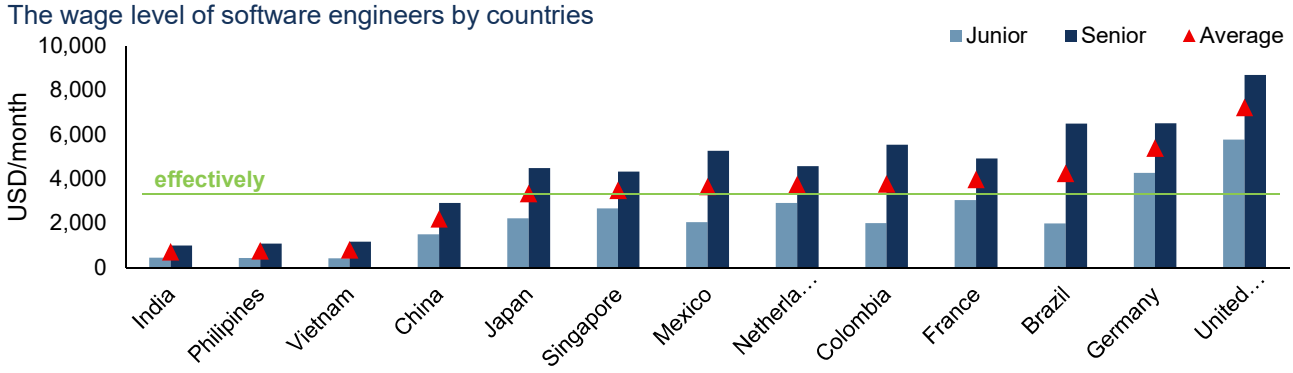
Overall, FPT's workforce advantage in the domestic market stems from its ability to maintain a talent pool capable of delivering consistent execution quality for large-scale projects. In global markets, however, this advantage is gradually shifting away from cost competitiveness toward productivity and the ability to execute higher value-added contracts.

2.1. Competitive IT labor costs in Vietnam amid significant productivity gains from AI.

FPT's IT services primarily compete on the basis of lower labor costs relative to developed markets. Specifically, the average salary for IT professionals in Vietnam is currently approximately 803 USD per month, maintaining a significant cost advantage over developed markets such as the U.S., Japan, and the EU. However, labor costs remain slightly higher than those in competing countries such as India and the Philippines (averaging approximately 748 USD per month).

Chart 20: Vietnam is among the countries with the lowest IT sector wage levels globally.

The wage level of software engineers by countries



Source: TopDev, Codesubmit, FPTS research

Overall, **software outsourcing businesses need to expand their workforce to meet revenue growth** , reflecting the labor-intensive nature of the IT services model.

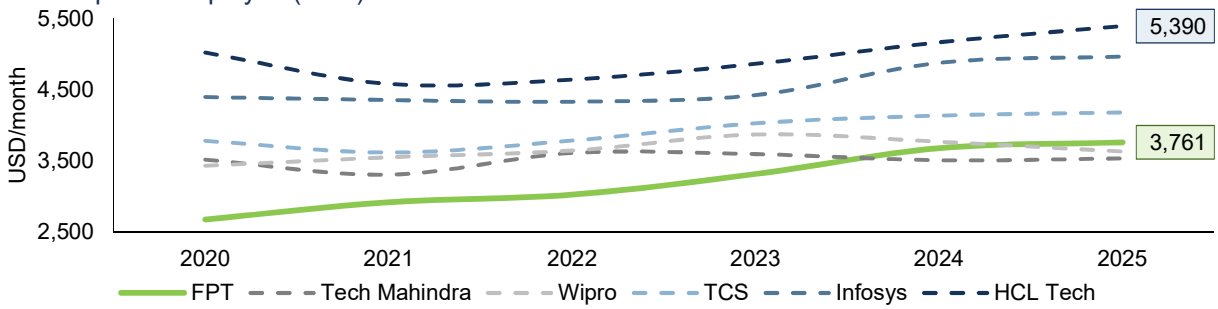
See appendix: Workforce Scale Exhibits a Strong Correlation with IT Segment Revenue Growth.

In terms of efficiency, FPT's revenue per IT employee (RPE) reached approximately 3,761 USD per month in 2025, significantly lower than that of Indian companies (averaging approximately 4,340 USD per month). However, FPT recorded RPE growth of +7.0% CAGR per year during 2020–2025, substantially faster than the +1.8% per year average of Indian peers, as Indian companies have already entered a more mature growth phase with contract sizes significantly larger than FPT's.

The RPE gap does not simply reflect differences in technical productivity, but is primarily driven by differences in service positioning. Specifically: (1) FPT mainly operates in service segments with lower pricing compared with Indian competitors, as the company entered international markets 15–20 years later, when major customer segments had already been captured by these firms; and (2) a portion of FPT's contracts originate from its role as an indirect implementation partner within the service delivery chains of Japanese domestic technology conglomerates, rather than from direct engagement with large end-customer projects that offer stronger pricing power.

Chart 21: FPT's RPE is gradually converging toward that of major Indian software outsourcing peers.

Revenue per IT employee (RPE)

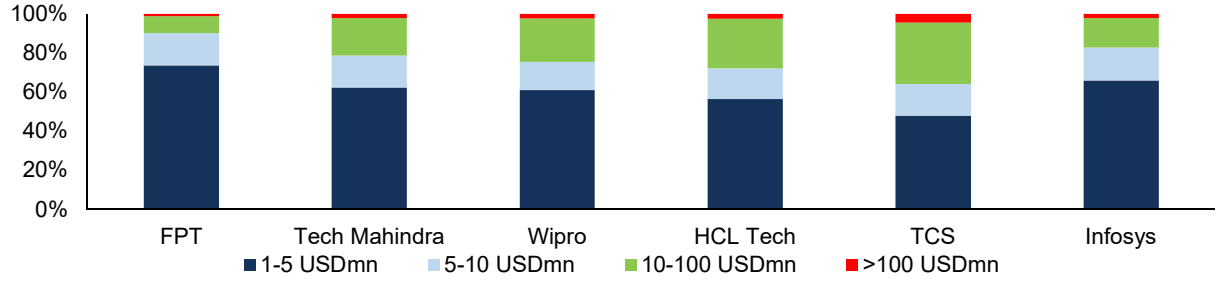


Note: (1) The vertical axis of the chart starts at the $2,500/month mark;
(2) The financial year of Indian businesses ends on March 31

Source: FPTS research

Chart 22: FPT's proportion of contracts exceeding 10 million USD remains limited compared with Indian peers.

Customer structure by contract size in 2025



Source: FPTS researach

We believe FPT's RPE still has room for further improvement, driven by: (1) the ongoing reduction of entry-level personnel, partially replaced through AI adoption that enhances productivity; and (2) the shift toward higher value-added services, enabling revenue growth to outpace workforce expansion.

IT workforce productivity is enhanced by AI adoption.

Within the IT services industry, the use of AI models as assistants for coding and repetitive tasks has significantly shortened project completion times without compromising product quality. In addition, we observe that Agentic AI[3] models have begun to see broader deployment since late 2025, resulting in a substantial increase in developer productivity. Specifically, AI agents not only assist with individual coding tasks but are also capable of orchestrating entire workflows toward predefined objectives. This significantly reduces repetitive workloads—traditionally handled by junior engineers—allowing personnel to focus more on higher value-added activities, thereby shortening development cycles and improving the quality of delivered products.

Table 3: Comparison between traditional IT personnel performance and AI models

Agentic AI has demonstrated the ability to significantly improve IT service productivity.

	Traditional	Generative AI	Agentic AI
Procedure	Programmers perform the entire development process.	AI helps generate code and documentation based on specific requirements (prompts).	AI agents independently plan and execute sequences of tasks.
Scope of duties	Process each task sequentially.	Process each task individually according to the prompt.	Separating and processing multiple tasks within a single process.
Automation	Short	Medium	High
The role of human beings	Implement and control the entire process.	Orientation and output verification	Monitoring goals and results

(See also Appendix: Speed of AI task processing capability improvement between 2019 and 2025) *Source: FPTS research*

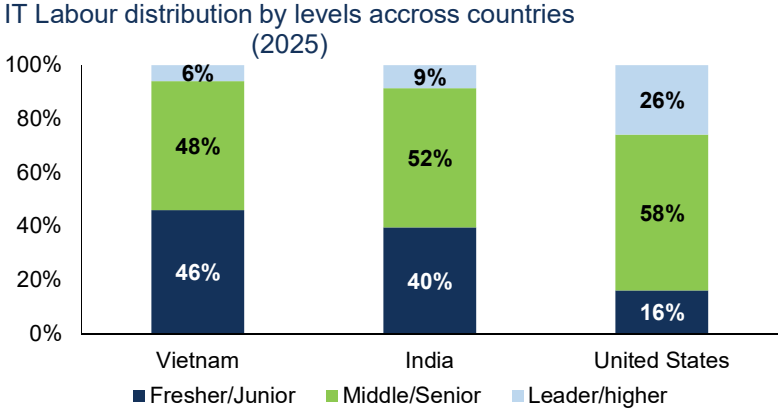
FPT has also deployed multi-agent systems through the development of internal AI agents to support its software development process. Under this approach, each agent is assigned a distinct function within the workflow (design, coding, testing, and operations), helping reduce processing inconsistencies compared with a standalone generative AI model. At the same time, task decomposition enables agents to operate in parallel, shortening implementation timelines and increasing flexibility in scaling or modifying workflows.

2.2. The IT personnel in Vietnamese market

The Vietnamese IT labor market is currently experiencing an oversupply of talent in the Fresher/Junior segment, while facing shortages of specialized Middle/Senior professionals—particularly in AI/ML, data, and cloud computing.

Compared with the Indian market, the proportion of Middle/Senior/Leader professionals within Vietnam's IT workforce remains lower, reflecting the characteristics of a relatively young market with a workforce concentrated in traditional software service segments.

Chart 23: The IT workforce in Vietnam has low seniority , with Fresher/Junior workers accounting for approximately 46%.



Source: FPTS research

[3]Agent AI – AI systems capable of autonomously planning and executing a sequence of tasks to achieve a specific objective with minimal human supervision. These systems typically consist of multiple AI agents working together to decompose and solve complex tasks.

The shortage of specialized talent is expected to persist over the medium and long term, driven by: (1) a limited supply of experienced professionals, as expertise accumulation typically requires 5–8 years and cannot be significantly accelerated; and (2) shortages of specialized AI/ML talent amid rapidly growing market demand. However, the latter challenge may be partially alleviated over the next 1–2 years through reskilling and upskilling programs for traditional software developers.

In this context, FPT maintains competitive advantages in talent quality and labor productivity based on:

(1) A reliable supply of high-quality talent supported by its education ecosystem: FPT benefits from a unique training ecosystem with FPT University and FPT Polytechnic directly supplying IT talent with specializations and graduate competencies aligned with the needs of the global IT market. At the same time, continuous participation in complex international projects provides valuable exposure, enabling its engineers to develop the capabilities required to meet the stringent standards of large-scale contracts.

(2) Sustaining competitive productivity through AI adoption: FPT continuously provides reskilling and upskilling programs for its existing workforce. In parallel, the use of internal AI solutions (such as FleziPT) helps automate repetitive tasks, improving engineer productivity and maintaining competitiveness in a market where IT service providers are increasingly integrating AI into their operations.

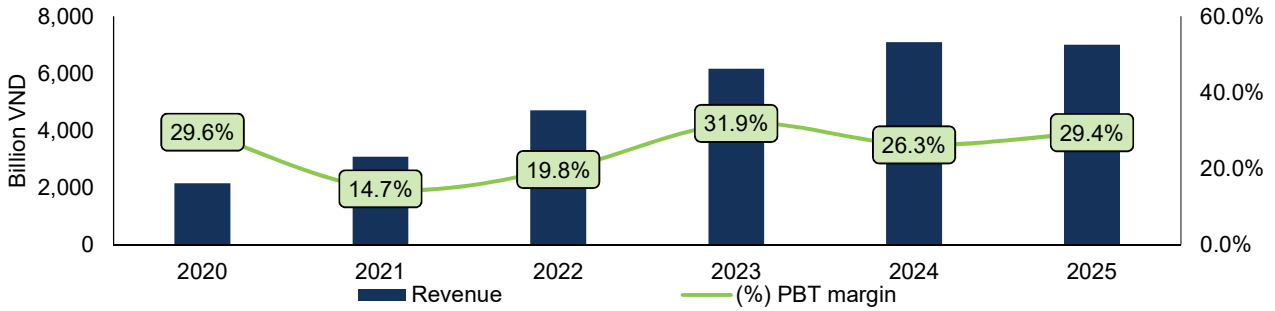
II. Education & others segment (45.7% of PBT) – Restructuring academic programs and education model

In 2025, revenue from the education segment reached 7,009 billion VND (CAGR of +27% per year during 2020–2025), with a PBT margin of approximately 29.4%, supported by: (1) rapid growth in student enrollment, with a CAGR of +22% per year; and (2) a continued increase in average revenue per student, with a CAGR of +4% per year, reflecting tuition fee adjustments, particularly at the university level (which accounts for approximately 63% of total enrollment), where tuition fees increased by an average of approximately 4.5% per year.

Overall, FPT's education ecosystem is vertically integrated, encompassing K–12 education, vocational education, higher education, short-term training programs... As of 2026, FPT operates an educational network consisting of: 5 university campuses (located in Hanoi, Da Nang, Quy Nhon, Ho Chi Minh City, and Can Tho); 12 vocational college campuses (FPT Polytechnic); 18 integrated K–12 school campuses; and online learning platforms such as FUNiX, along with international partnership programs.

Chart 24: Education revenue growth has slowed due to increasing competition from public institutions.

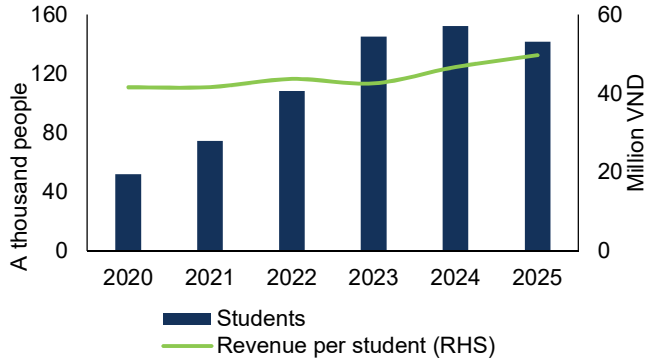
Education business operations



Source: FPT, FPTS research

Chart 25: Student enrollment has declined as new admissions show signs of slowing.

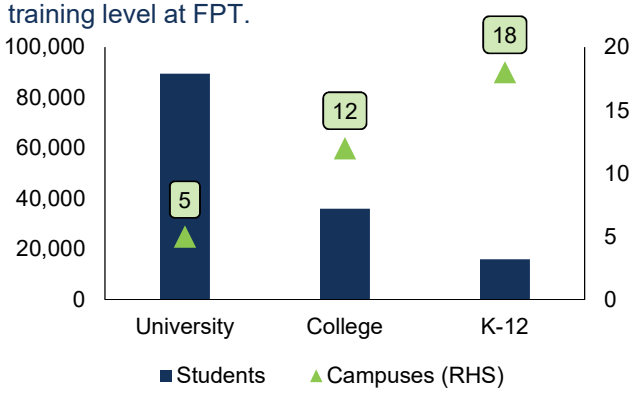
Number of students and average revenue in the education sector.



Source: FPT, FPTS research

Chart 26: Universities account for the largest share of enrollment but face significant competitive pressure.

Number of students and facilities by training level at FPT.



Source: FPT, FPTS research

1. University and vocational education: enrollment declines amid intensifying competition from public institutions.

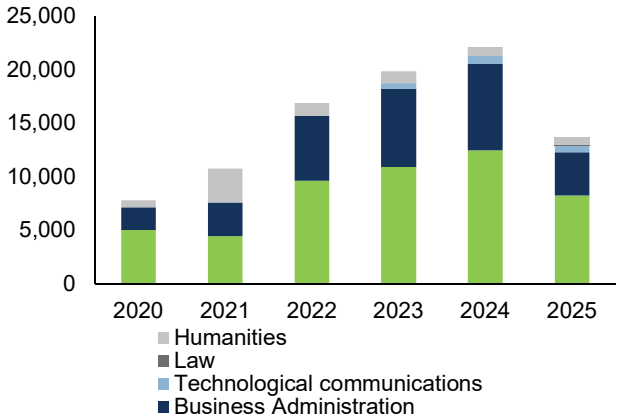
University and vocational programs currently account for 63% and 25%, respectively, of total enrollment across FPT's education system. These programs primarily focus on disciplines such as information technology, business, and communications …

However, new student admissions have shown signs of slowing during 2023–2025, mainly due to: (1) intensifying competition as public universities expand enrollment quotas; and (2) concerns over weakening hiring demand for entry-level IT positions (Fresher/Junior) amid the advancement of AI and automation, affecting both university and vocational programs.

In 2025, enrollment quotas for IT-related programs at FPT University declined by 34% YoY, while leading public universities (such as Hanoi University of Science and Technology and the University of Science) simultaneously expanded enrollment quotas for these disciplines. As a result, public universities—with advantages in tuition affordability and brand recognition—are increasing their training capacity, creating greater competition for student recruitment against private institutions such as FPT University.

Chart 27: FPT's 2025 enrollment quotas declined significantly.

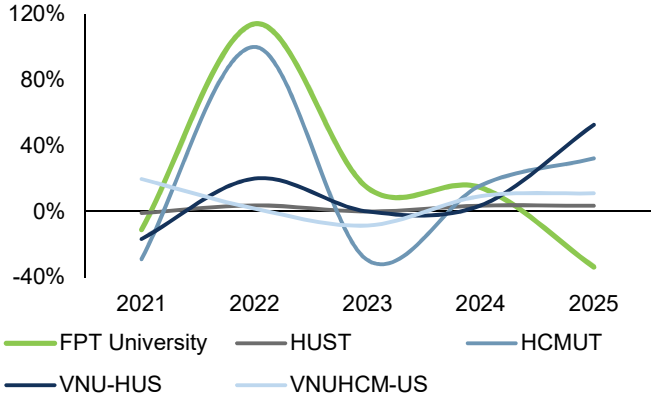
FPT University's admission



Source: FPT, FPTS research

Chart 28: Public universities all increased their enrollment quotas for IT majors in years 24-25.

Growth in enrollment quotas for IT majors.



Source: FPTS research

Accordingly, beginning with the 2025–2026 academic year, FPT has initiated a restructuring of its IT-related academic programs by introducing disciplines with higher technical intensity, such as artificial intelligence, semiconductor integrated circuit design, and digital automotive technology. These programs are designed to align more closely with industry demand while integrating AI, science, technology, and engineering content into the curriculum, thereby enhancing graduate quality and improving alignment with labor market requirements.

3. K-12 Education: Expanding new campuses to support growth.

FPT is currently driving the expansion of its K-12 education segment by investing in new campuses, alongside upgrading its curriculum to attract new students from local provinces.

Specifically, FPT is investing in the expansion of its school system across multiple tier 2 and tier 3 provinces, with 6 new campuses (equivalent to approximately 88,000 m^2 of completed construction floor area) during the 2025–2026 period.

In parallel with this scale expansion, the enterprise is also gradually integrating science, technology, and digital skills into the curriculum, building a foundation for students to gain early exposure to technology fields.

Table 4: List of FPT's newly opened educational campuses for the 2025-26 Period

Year	Location	Educational level
2025	Hau Giang	K-12 (including elementary, middle, and high school)
	Soc Trang	
	Hue	
	Quy Nhon	
2026	Long An	
	Vinh	

Source: FPT, FPTS research

FPT's K-12 segment is currently positioned at the lower end of the mid-market segment, with an average tuition fee of approximately 36 million VND per semester. This is significantly lower than that of premium private schools (ranging from 200–400 million VND per semester), yet remains higher than public schools, which receive substantial tuition subsidies from the government.

Table 5: Comparison of K-12 Multi-Level education segments

FPT's K-12 segment belongs to the domestic private school group, with curriculum quality and tuition fees positioned in the mid-market segment.

Criteria	Public school		Private school	
	Regular	**Specialized**	**Domestic**	**International**
Segment	Mass market	Mass market (Selective)	Mid-market	Premium
Geographical area	Nationwide	Nationwide	Hanoi/HCMC and some provinces	Hanoi/HCMC
Representative schools	Local public school	Specialized high schools under Departments of Education/Universities	Vin School, FPT School…	BIS, ISHCMC, AIS…
Curriculum	MOET standard	MOET standard with advanced/specialized classes	MOET standard, Cambridge integrated	IB, AP, IGCSE
Instruction Language	Vietnamese	Vietnamese	Vietnamese/Bilingual	English
Area per student (m^2) *(standard level)*	6-10		10-15	25-35
Average tuition fees (million VND/semester)	Tuition-free		Medium	High
- *Elementary*	*Tuition-free*		*30-70*	*300-350*
- *Middle school*	*Tuition-free*		*30-80*	*350-400*
- *High School*	*Tuition-free*		*36-100*	*400-500*

Source: FPTS research

For tier 2 provinces and cities (Hue, Quy Nhon, Vinh), this tuition rate enables FPT to reach middle-to-upper-middle-income parents — a group that demands a modern educational model but lacks quality local private options. However, in tier 3 provinces (Hau Giang, Soc Trang, Long An), parents' affordability is significantly lower; hence, the enrollment fill rate at these campuses will be slower compared to tier 2.

The PBT (profit before taxes) margin for the K-12 segment is estimated at only around 24%, lower than that of the higher education segment (~35%). This is due to high capital expenditure on facilities — an essential factor to maintain a competitive edge over government-subsidized public schools — combined with a slower ramp-up in student enrollment.

Restructuring both horizontally (across educational levels) and vertically (seamlessly transitioning from general education to university) not only helps FPT expand its student base but also contributes to building a closed-loop educational ecosystem. Through this, the enterprise can proactively secure its intake pipeline and enhance educational quality over the long term.

C. FINANCIAL ANALYSIS

1. Safe financial structure with low payment pressure.

During the 2020–2025 period, FPT's capital structure was generally relatively stable, with the Debt-to-Equity (D/E) ratio currently averaging around 0.6x. In Q1/2026, FPT's D/E ratio decreased to 0.4x due to the exclusion of FOX's borrowings. Specifically, FPT primarily utilizes short-term debts to supplement its working capital needs, while long-term borrowings usually account for a minimal portion, mainly serving investment demands in the telecommunications and education segments. In addition, FPT's solvency ratios also remain at relatively safe levels.

Chart 29: FPT's financial structure remains relatively stable.

FPT's financial structure

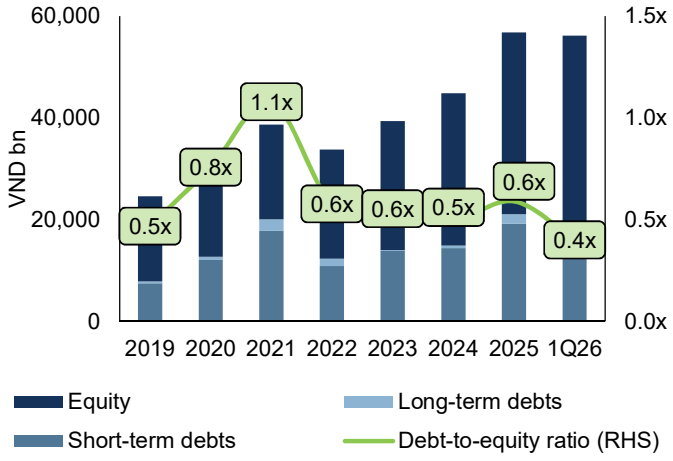
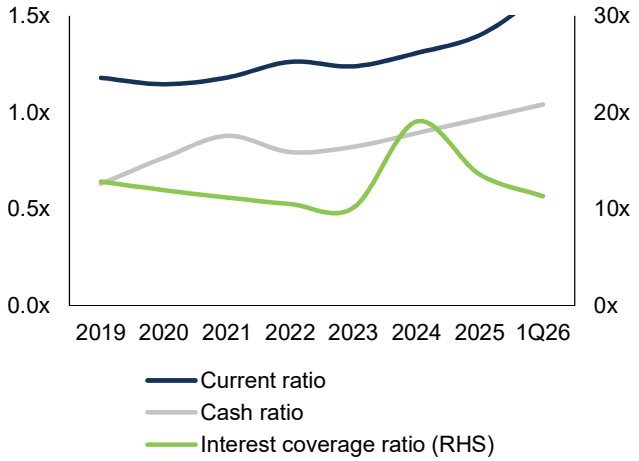


Chart 30: FPT's solvency ratio remains at safe levels.

FPT's current ratio and interest coverage ratio.



Source: FPT, FPTS research

2. Stable cash flow and effective working capital management.

We evaluate that FPT demonstrates effective working capital management, which actively supports its operating cash flow. Specifically, FPT's cash conversion cycle (CCC) remained stable at an average of -68 days during the 2018–2025 period. Within this, FPT's days sales outstanding (DSO) was maintained at a relatively low level, reaching approximately 67 days in 2025, which is lower than many industry peers such as TCS, Infosys, or Accenture (averaging 74 days). This improvement stems from an increasing revenue contribution from: (1) **foreign markets** with stricter payment schedules; and (2) the **"Made-by-FPT"** service group, which features shorter payment cycles compared to traditional domestic system integration projects.

Chart 31: FPT's cash conversion cycle remains stable.

FPT's cash conversion cycle

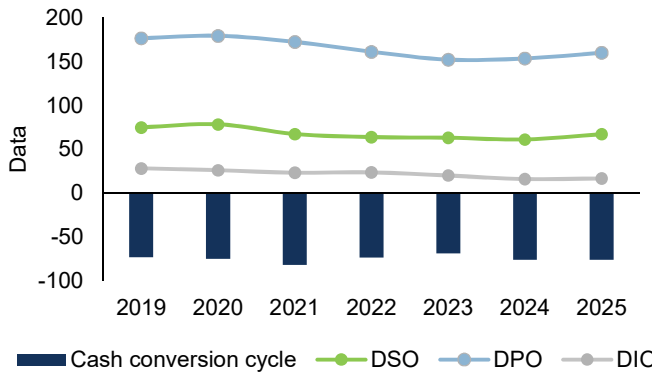
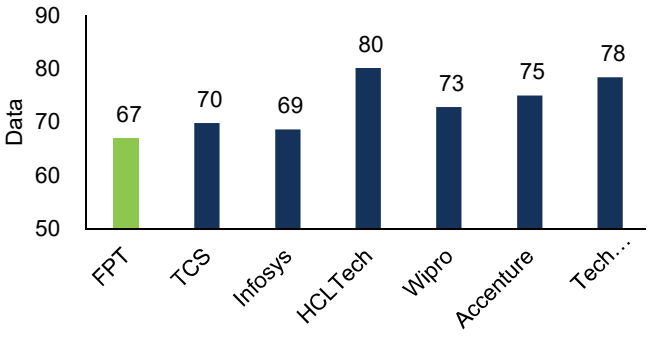


Chart 32*: FPT's days sales outstanding is lower than its industry peers.

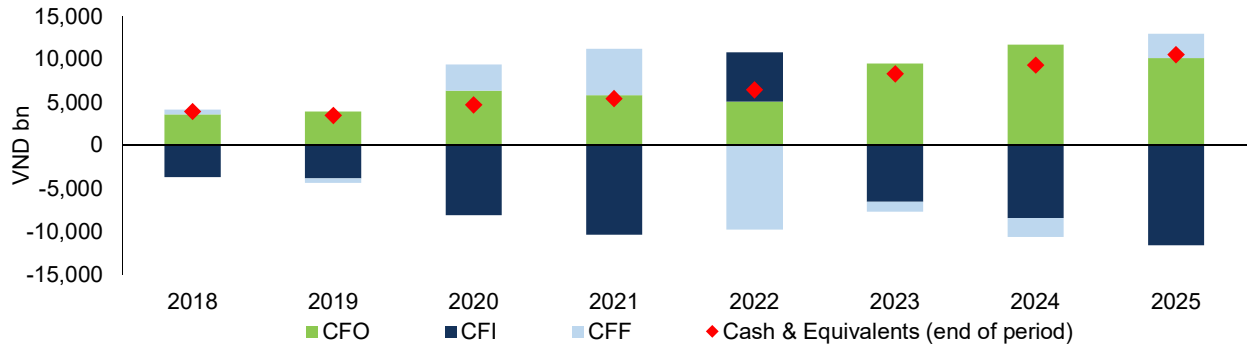
Number of days sale outstanding for IT companies in 2025



**The vertical axis starts from the 60-day mark.*
Source: FPT, FPTS research

FPT also records a relatively stable cash flow structure over the years, and the company is capable of self-funding most of its investment needs from operating cash flow. Specifically, cash flow from operating activities has consistently maintained an average of approximately 134% of the group's NPAT during the 2018–2025 period, reflecting high earnings quality and a stable ability to convert profits into cash. In addition, the company maintains steady capital expenditure on fixed assets year after year, primarily serving the construction of data centers, AI infrastructure, and educational campuses. Conversely, cash flow from financing activities fluctuates according to investment cycles, with negative cash flows in certain years driven mainly by debt repayments and dividend distributions.

Chart 33: FPT's cash flow structure remains relatively stable during the 2020–2025 period.



Source: FPT

D. BUSINESS OUTLOOK

Summary of projections

Based on detailed analysis of business operations and financial conditions, we project FPT's financial results for the 2026–2030F period as follows:

Chart 34: Revenue structure from 2026F onwards excludes contributions from the Telecommunications segment.

Projected revenue structure of FPT

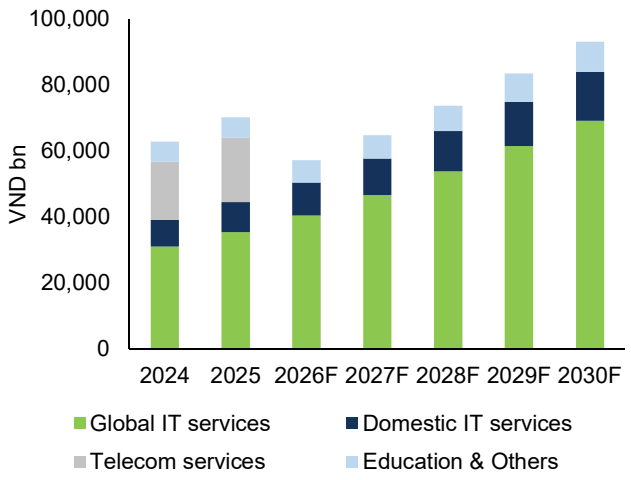
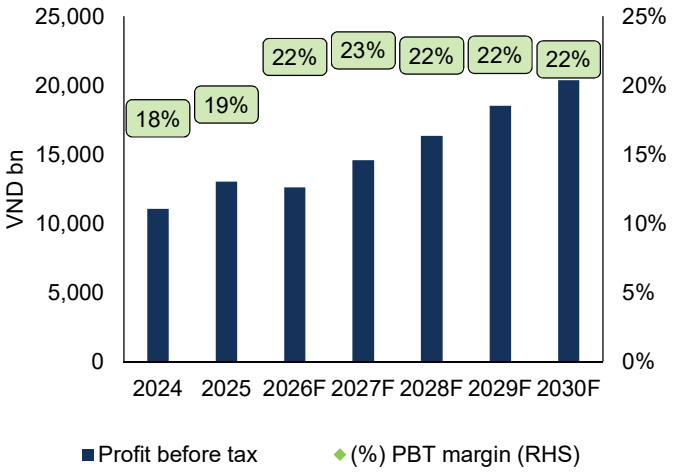


Chart 35: PBT margin improves due to the exclusion of Telecommunications revenue.

Projected profit before tax of FPT



Source: FPTS research

Criteria	2026F	CAGR to 2030F	Assumptions
Net revenue	-18.4%	+11.0% per year	Net revenue in 2026F decreases due to the shift from subsidiary consolidation to the equity method for the Telecommunications segment (FOX).
Technology segment	*+13.4%*	*+13.6% per year*	In 2026F, IT segment revenue reaches 50,443 billion VND (+13.4% YoY), of which: Japan (+25.0% YoY) continues to be the primary driver; the US (+6.6% YoY) and APAC (+6.1% YoY) markets show signs of recovery as corporate IT budgets are gradually relaxed; the EU market (+24.8% YoY) maintains high growth; and the domestic market increases steadily by +8.6% YoY thanks to the digital transformation direction from Resolution 57. During the 2026–2030F period, segment revenue grows at a CAGR of +13.6%/year, driven by FPT's shift toward new service segments with high added value, helping to expand the scope and scale of newly signed contracts.
Education & Other segments	*-3.5%*	*+7.8% per year*	In 2026F, Education segment revenue is forecasted to reach 6,766 billion VND (-3.5% YoY) due to competitive pressure from public universities and a decrease in recruitment demand for entry-level IT positions. During the 2026–2030F period, this segment's revenue is expected to grow at a CAGR of +7.8%/year, supported by **(1) the recovery of the Higher education segment** thanks to the launch of new majors in AI/ML, microchips, and semiconductors, and **(2) contributions from the K-12 segment** attracting new students after the expansionary investment phase.

Share of profit (loss) in joint ventures and associates	+353.7 %	+8.3% per year	In 2026F, FPT's profit from joint ventures/associates is forecasted to reach 3,220 billion VND (+389.4% YoY), with the sharp surge coming from the profit contribution of FPT-owned FOX, reaching 2,251 billion VND. The remainder is contributed by profits from FRT and FPT Synnex. During the 2026–2030F period, profit from FOX is forecasted to achieve a CAGR of 8.3%/year, driven by (1) ARPU growth from cross-selling services bundled with Internet packages, and (2) attracting new subscribers thanks to exclusive broadcasting rights for the EPL and UFC.
Profit before tax	-2.9%	+14.6%/year	
Technology segment	+20.6%	+15.8%/year	**Global market** 2026F PBT reaches 6,477 billion VND (+18.5% YoY), then achieves a CAGR of +16.1%/year during the 2026–2030F period. The average PBT margin reaches ~16.6%, maintaining a high level driven by the shift toward high value-added services, which helps improve profit margins. **Domestic market** PBT is projected to reach 559 billion VND in 2026F (+52.3% YoY), subsequently achieving a CAGR of +12.3% per annum over the 2026-2030F period. The average PBT margin is expected to hit ~5.9%, primarily driven by (1) an increasing revenue share from high-margin 'made-by-FPT' products compared to traditional services, and (2) contributions from AI application projects as the AI Factory starts generating profits after breaking even in December 2025
PBT margin	*13.9%*	*+0.3 ppt/year*	
Education & Other segements	-13.3%	+6.3%/year	2026F PBT is forecasted to reach 2,361 billion VND (-13.3% YoY), then achieves a CAGR of 6.3%/year during the 2026–2030F period. Within this, we project that the segment's EBT margin will decrease by an average of -0.5 ppts/year due to an increasing share of the K-12 segment, which carries lower profit margins.
PBT margin	*34.9%*	*-0.5 ppt/year*	
NPAT attributable to parent company shareholders	+8.0%	+14.5% per year	In 2026F, we project FPT's NPAT attributable to shareholders of the parent company (NPATMI) to reach 10,369 billion VND (+10.7% YoY). During the 2026–2030F period, NPATMI is forecasted to grow at a CAGR of +13.9%/year, rising to 17,435 billion VND in 2030F. The corporate income tax rate is assumed to be approximately 15% throughout the 2026–2030F period.

Source: FPTS research

I. Technology segment outlook (Back)

We project FPT's technology segment revenue and PBT in 2026F to reach 50,443 billion VND (+13.4% YoY) and 7,036 billion VND (+20,6% YoY), respectively, driven by (1) the recovery of global spending boosting the Global IT segment, and (2) government directives driving DX demand for the Domestic IT segment.

By 2030F, technology segment revenue and PBT are expected to grow at a CAGR of 13.6% and 15.8%, respectively, thanks to (1) expected revenue growth from sustained high DX demand in key markets (such as Japan and the EU); and (2) margin improvements driven by value chain migration and a focus on newly signed contracts with larger scale and higher added value.

The prevalence of AI is transforming how the IT services industry operates, with repetitive, low-value-added activities (such as technical support, data entry, manual testing, or basic programming) facing the risk of replacement. However, this trend simultaneously opens up growth headroom for companies with specialized capabilities and the ability to integrate AI into their service delivery processes, thereby enhancing productivity and expanding service scope into higher-value stages such as AI transformation consulting (AIX), AI-integrated IT system design, cybersecurity, and data protection.

In the market, the trend of applying AI to IT service delivery processes is taking place on a large scale (tcsAI; Infosys Topaz; Wipro Intelligence…); these platforms all aim to enhance internal productivity and expand the AI service portfolio for clients.

In this context, FPT is implementing an "AI-First" strategy through its AI ecosystem (FleziPT), aiming to integrate artificial intelligence seamlessly throughout deployment and service delivery, thereby enhancing productivity and expanding its portfolio of higher value-added services. Specifically:

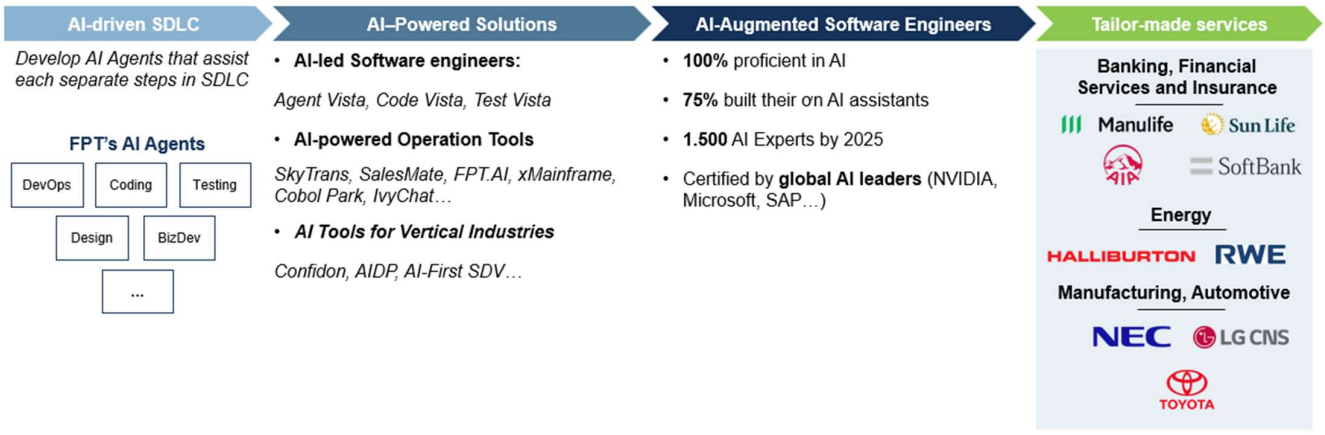
(1) **Software Development Life Cycle (SDLC):** The company proactively deploys proprietary AI Agents tailored for each stage of the SDLC, supporting developers in improving productivity and output quality (e.g., DevOps Agent, Testing Agent, Design Agent…).

(2) **AI-Applied Solutions:** Developing AI-powered tools that help the company improve project completion times and increase reliability.

(3) **An engineering workforce** proficient in AI skills and equipped with personal AI assistants for their work. Additionally, FPT currently has over 1,500 AI experts globally.

(4) **Output:** FPT provides customized services/solutions designed specifically for each company/industry group based on the foundation of the FleziPT AI ecosystem.

Figure 3: FleziPT AI ecosystem and FPT's AI-First strategy.



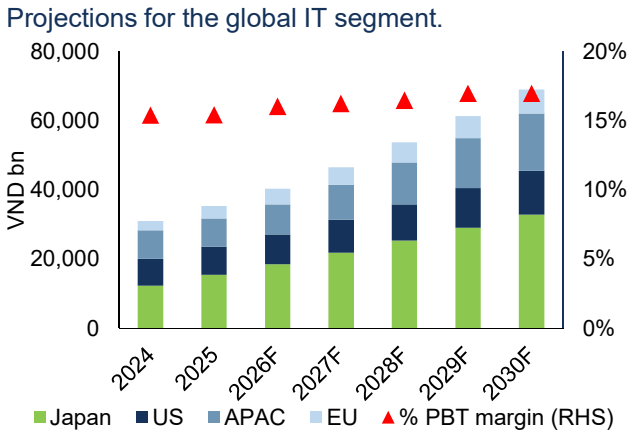
Source: FPT, FPTS research

1. Global market: Momentum from value chain migration and the "AI-First" strategy.

In 2026, FPT's Global IT revenue is forecasted to grow by +14.0% YoY (reaching 40,339 billion VND), driven by an increase in newly signed contract volumes since late 2025, which will gradually be recognized as revenue starting from Q2-Q3/2026. Within this, the key Japanese market maintains high growth at +25.0% YoY; the US and APAC markets recover slightly at +6.8% and +10.1% YoY, respectively; and the EU market sustains high growth at +20.4% YoY. The segment's PBT margin is expected to reach ~13.9% (+0.8 ppts YoY).

During the 2026–2030F period, FPT's global market revenue is projected to grow at +14.4%/year (outperforming the single-digit growth rates of its industry peers), with the PBT margin improving by +0.3 ppts/year. This is driven by: **(1)** FPT's market structure being heavily concentrated in Japan (accounting for 34.7% of 2025 IT revenue), where structural digital transformation demand remains high due to legacy IT systems and severe IT labor shortages; **(2)** High-value-added service segments like AIX growing at a CAGR of +36.5%/year (estimated to account for ~50.1% of DX revenue by 2030F), which supports profit margin expansion.

Chart 36: The Japanese market continues to play a key role in the global revenue structure.



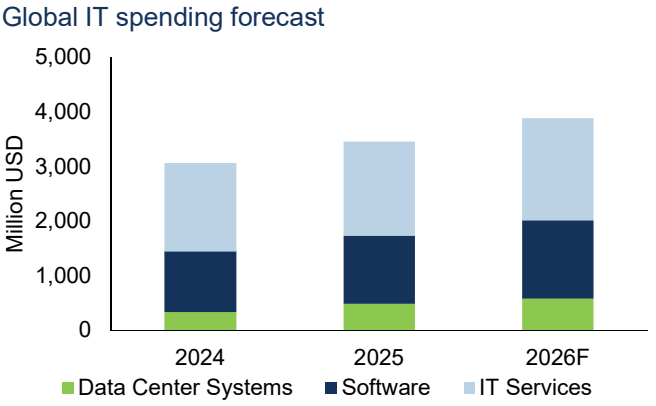
Source: FPTS research

Chart 37: The sharp surge in newly signed contracts in late 2025 will be recognized as revenue starting from Q2-Q3/2026

Source: FPT, FPTS research

In 2026F, FPT is expected to benefit from the recovery trend in global IT spending (across the Data Center, Software, and IT Services segments), reaching a total market size of 3,885 billion USD (+13.5% YoY). According to Gartner, segments projected to record high growth include: Data Centers (+19.0% YoY); Software (+15.2% YoY); and IT Services (+8.7% YoY) – reflecting the demand for digital infrastructure investments to support digital transformation, development, and AI applications by global enterprises.

Chart 38: Software and IT services spending recovers, while data centers slow down.



Source: Gartner, FPTS research

FPT's growth momentum during this period is primarily driven by sustained high global DX demand. In a context where traditional DX demand declines due to AI, AI transformation (AIX) services—such as AI system integration, operation, and optimization—will become the new driver for FPT. We project that FPT's IT segment profit margin in the global market will improve, reaching 17.0% by 2030F, thanks to (1) AI helping to enhance productivity and (2) an increasing volume of newly signed contracts with high added value.

Table 6: Forecasted IT services market size by region

Unit: Billion USD	2025	2026F	...	2031F	CAGR	Main drivers
Japan	67	85		136	12.5%	Legacy IT systems and domestic IT labor shortages. *(Appendix: Tailwinds supporting IT service demand in the Japanese market)*
America	491	525		737	7.0%	AI, cloud computing, and data security

APAC	403	440	678	9.0%	Digital transformation, cloud computing, and AI applications.
EU	479	490	675	6.6%	Cybersecurity, ESG, and ERP system modernization

Source: Moder Intelligence, FPTS research

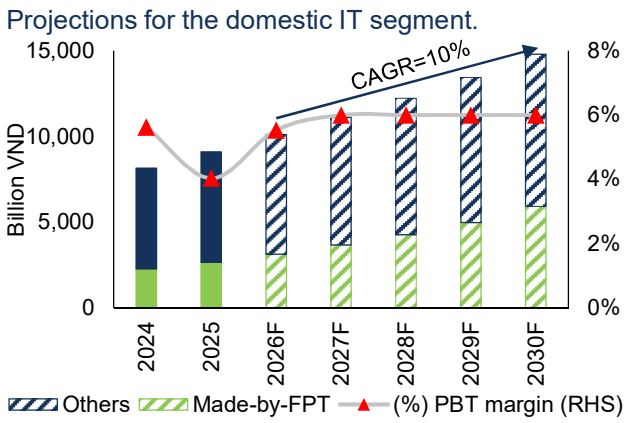
2. Domestic market: benefiting from the National digital transformation strategy.

We forecast FPT's Domestic IT revenue in 2026F to grow by +11.1% YoY (reaching 10,103 billion VND). The primary driver comes from synchronized digital transformation activities across both the public and private sectors, as the Government accelerates the deployment of digital platforms and national data infrastructure alongside rising demand from the corporate sector. During the 2026–2030F period, FPT's domestic IT segment is projected to sustain growth with a CAGR of 10.0%, reinforced by directives from Resolution No. 57-NQ/TW on promoting digital infrastructure, national data, and the digitalization of public services. This policy framework not only accelerates e-government projects but also creates a spillover effect into the private sector.

The size of Vietnam's digital economy is projected to reach approximately 85 billion USD by 2030F (according to the e-Conomy SEA 2025 report), representing a CAGR of 16.9% over the 2025–2030F period. This expansion will drive corresponding investments in technological infrastructure, data platforms, and digital solutions by enterprises.

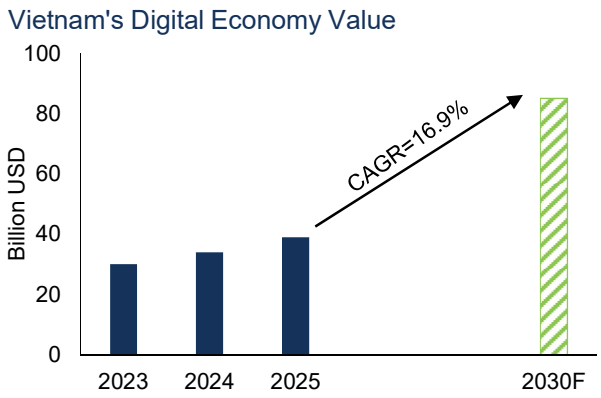
The profit margin for domestic IT services is projected to improve, averaging ~6.0% for the 2026–2030F period, driven by: (1) an increasing revenue contribution from the "Made-by-FPT" portfolio, which carries higher profit margins compared to traditional system integration and deployment service models; and (2) the AI Factory in Vietnam, which has begun contributing to profits after breaking even in December 2025 (with an occupancy rate of ~80%).

Chart 39: Domestic market grows steadily with improving profit margins.



Source: FPTS research

Chart 40: High growth in the digital economy supports IT service demand in Vietnam.



Source: E-Conomy SEA 2025 Report, FPTS research.

II. Education segment outlook – Restructuring higher education and expanding K-12 (Back)

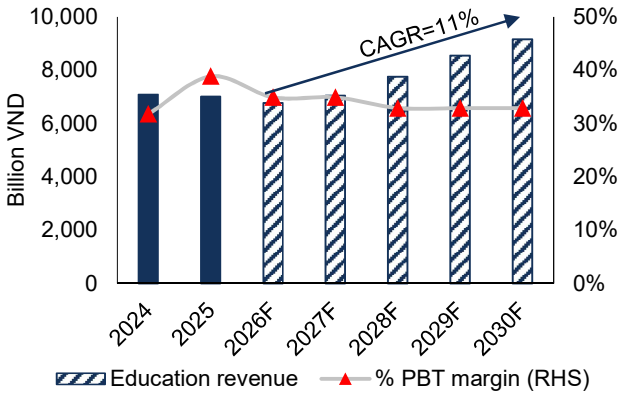
In 2026F, Education segment revenue and PBT are forecasted to decrease by -3.5% YoY (reaching 6,766 billion VND) and -13.3% YoY (reaching 2,360 billion VND), respectively. The decline is primarily due to (1) intensifying competition as public universities expand their enrollment quotas for IT majors, and (2) cautious sentiment regarding recruitment demand for entry-level IT positions amid the rise of AI and automation.

During the 2026–2030F period, this segment's revenue is expected to rebound with a CAGR of +7.8%, supported by: (1) restructuring training programs toward high-demand fields such as AI/ML, microchip design, and semiconductors; and (2) expanding the K-12 multi-level schooling system through new campuses invested in during the 2025–2026 period.

Specifically, we project FPT's total student enrollment to grow at a CAGR of +5.2%/year, driven primarily by: (1) the Higher education segment attracting students to newly launched majors; and (2) the K-12 segment attracting new students by applying a modern learning model—allowing students to proactively learn foundational knowledge through AI assistants, thereby dedicating classroom time to focused discussions, interactions, and in-depth problem-

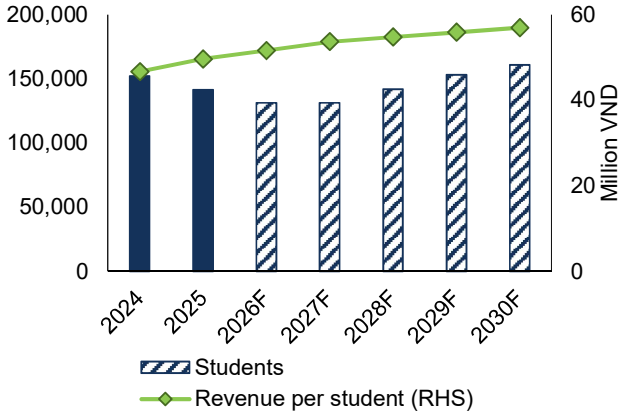
solving with teachers. Additionally, we forecast that the average revenue per student will maintain an average increase of +2.5%/year, consistent with the previous period (2020–2025).

Chart 41: Projected revenue and PBT margin of the Education segment.



Source: FPTS research

Chart 42: Projected FPT student enrollment



Source: FPTS research

E. INVESTMENT RISKS (Back)

1. AIX demand expands slower than expected amid a decline in traditional DX service demand caused by AI.

In our base-case scenario, the current AI trend will reduce demand for traditional DX while simultaneously creating AIX demand as an alternative growth driver. However, there is a risk that these two trends may not occur simultaneously, as businesses typically need 1–2 years of experimental AI integration before AIX demand expands on a large scale.

2. Exchange rate fluctuations impacting FPT's profits from global markets.

With the global IT segment's PBT projected to account for ~51.6% of total PBT in 2026F, FPT's business performance is highly sensitive to exchange rate fluctuations. This is particularly true for the JPY (as the Japanese market contributes ~44% of global IT revenue), which experiences high volatility due to the specific monetary policies of the Bank of Japan (BOJ) and interest rate differentials with other major economies. FPT has not yet disclosed a specific exchange rate hedging policy; therefore, actual profit margins could fluctuate significantly compared to our projections in the event of adverse exchange rate movements, the details of which are estimated in our sensitivity analysis table below:

Table 7: Sensitivity analysis of FPT's PBT margin to JPY/VND exchange rate fluctuations.

(%Δ) JPY/VND	-5%	-3%	0%	+3%	+5%
Exchange rate gain (loss) (billion VND)	(924)	(555)	0	555	924
2026F PBT (billion VND)	11,622	11,991	12,546	13,100	13,470
Changes in 2026F PBT margin	**-1.6 ppt**	**-1.0 ppt**	**+0.0 ppt**	**+1.0 ppt**	**+1.6 ppt**

Source: FPTS research

3. Higher education and K-12 segments attract students slower than expected following restructuring/expansion.

We note the risk of FPT's education segment attracting new learners at a slower pace than projected:

(1) **Higher education segment:** Competition from public universities expanding their enrollment quotas for IT majors with significantly lower tuition fees;

(2) **K-12 Segment:** New campuses are heavily concentrated in Tier 2 and Tier 3 provinces, where the adoption rate of spending habits on high-quality private education is typically slower than in major cities. This could put pressure on profit margins and extend the payback period for newly expanded facilities.

F. EVALUATION AND RECOMMENDATION

We recommend **BUY** FPT with a target price of **95,400 VND per share** , representing **33%** upside compared to the closing price on June 19, 2026. We determined this target price using the Sum-of-the-Parts (SOTP) valuation method and a TTM P/E comparison against a peer group of similar companies.

Valuation summary:

Valuation Method	Value (VND)	Weight
Sum-of-the-Parts (SOTP)	**95,200**	**50 %**
- IT & Education Segment – Discounted Cash Flow (DCF)	*70,200*	
FOX – Market capitalization	*15,643*	
FRT – Market capitalization	*5,580*	
TPB – Market capitalization	*1,764*	
Synnex FPT – Book Value	*1,127*	
FTS – Market capitalization	*909*	
P/E Comparative Valuation	**95,500**	**50 %**
Target price (VND/share)	**95,400**	

FCFF valuation summary	Value
Total present value of free cash flow to firm (billion VND)	114,724
(+) Cash (billion VND)	26,745
(-) Short-term and long-term debts (billion VND)	(16,096)
Equity (billion VND)	125,643
Number of outstanding shares (million shares)	1,704
Target price (VND/share)	**73,755**
Summary of FCFE valuation	**Value**
Present value of free cash flow to equity (billion VND)	113,429
Target price (VND/share)	**66,586**

Discounted Cash Flow (DCF) Model Assumptions

Model assumptions	Value	Model assumptions	Value
WACC 2026	11.2%	Risk premium	10.35%
Cost of debt	5.3%	Unlevered beta	0.71
Cost of equity	13.8%	Long-term growth rate	2%
5-year risk-free rate	3.97%	Forecast period	5 years

Comparative Valuation Summary	Value
Median P/E ratio of industry peers	15.7x
NPAT attributable to shareholders of the parent company 2026F (Billion VND)	10,369
Market capitalization (Billion VND)	**162,698**
Number of outstanding shares (million shares)	1,704
Share price (VND/share)	**95,508**

Table 8: Valuation of industry peers

	Company	Ticker	Market capitalization (Million USD)	Revenue	Profit before tax	NPAT	P/E
1	Infosys Ltd	INFO IN	50,154	18,756	4,199	3,091	16.2x
2	Tata Consultancy	TCS IN	81,507	28,034	6,875	5,166	15.8x
3	HCL Tech Ltd	HCLT IN	32,579	13,611	2,312	1,742	18.7x
4	Wipro Ltd	WPRO IN	19,982	9,724	1,821	1,386	14.4x
5	Mphasis Ltd	MPHL IN	4,678	6,149	975	732	6.4x
6	Tech Mahindra Ltd	TECHM IN	15,229	11,636	1,324	976	15.6x
7	SCSK Corp	9719 JP	11,196	4,706	572	405	27.7x
8	Otsuka Corp	4768 JP	6,960	8,428	579	415	16.8x
9	CMC Corp	CMG VN	244	374	26	17	14.1x
10	FPT Corp	FPT VN	617	2,549	491	371	12.8x
	Medium						**17.9x**
	Median						**15.7x**

Source: Bloomberg, FPTS research

Chart 43: Following a deep discount, FPT is currently trading at a P/E level below 2 standard deviations from its 5-year average.

Note: The vertical axis of the chart starts at 10.0x.

Source: Bloomberg, FPTS research

SUMMARY OF PROJECTED FINANCIAL STATEMENTS

Incom statement	2024A	2025A	2026F	2027F
Net revenue	**62,849**	**70,113**	**57,209**	**64,767**
Cost of goods sold	(39,150)	(44,217)	(37,631)	(42,788)
Gross profit	**23,698**	**25,895**	**19,578**	**21,979**
Selling expenses	(6,116)	(7,581)	(4,595)	(5,202)
General and administrative expenses	(7,074)	(7,331)	(5,548)	(6,281)
Net operating profit	**10,508**	**10,984**	**9,435**	**10,497**
(Loss)/Gain from Financial activities	676	2,115	532	747
Other profits	437	750	3,295	3,966
Earnings before tax and interest (EBIT)	**11,621**	**13,849**	**13,262**	**15,210**
Interest expense	(552)	(810)	(646)	(622)
Profit before tax (PBT)	**11,070**	**13,039**	**12,617**	**14,588**
Corporate income tax	(1,642)	(1,813)	(2,290)	(2,918)
Net profit after tax (NPAT)	**9,427**	**11,226**	**10,327**	**11,670**
Minority interests	1,571	1,856	(42)	(42)
NPAT attributable to shareholders of parent company	**7,857**	**9,369**	**10,369**	**11,713**
EPS (VND)	4,944	5,211	6,087	6,876

Profitability ratios	2024A	2025A	2026F	2027F
Gross profit margin	37.7%	36.9%	34.2%	33.9%
Net Profit Margin	12.5%	13.4%	18.1%	18.1%
ROE DuPont	28.7%	28.3%	26.4%	25.6%
ROA DuPont	11.9%	11.7%	11.7%	12.5%
EBIT/revenue ratio	18.5%	19.8%	23.2%	23.5%
NPAT / EBIT	95.3%	94.2%	95.1%	95.9%
NPAT/PBT	71.0%	71.9%	82.2%	80.3%
Total asset turnover	1.0	0.9	0.6	0.7
Financial leverage	2.4	2.4	2.2	2.1

Efficiency ratios	2024A	2025A	2026F	2027F
Cash conversion cycle	(76.2)	(76.1)	(78.2)	(69.0)
Days sales outstanding	61.1	67.1	83.4	70.6
Days inventory outstanding	16.1	16.7	19.7	17.0
Days payable outstanding	153.4	159.9	181.3	156.7
COGS / Inventory	24.6	23.8	17.2	22.9

Solvency ratios	2024A	2025A	2026F	2027F
Current ratio	1.3x	1.4x	1.7x	1.8x
Quick ratio	1.3x	1.3x	1.6x	1.7x
Cash ratio	0.9x	1.0x	1.3x	1.4x
Liabilities / Assets	0.5x	0.5x	0.4x	0.4x
Debts / Equity	1.0x	1.0x	0.8x	0.8x
Short-term debts / Equity	1.0x	0.9x	0.7x	0.7x
Long-term debts / Equity	0.0x	0.1x	0.0x	0.0x

Balance sheet	2024A	2025A	2026F	2027F
Assets				
Cash, cash equivalents, short-term financial investments	31,101	40,153	33,442	42,690
Accounts receivable	11,382	14,402	9,599	11,151
Inventory	1,857	2,194	440	696
Other current assets	1,197	1,389	919	1,081
Total current assets	**45,536**	**58,137**	**44,400**	**55,619**
Fixed assets	14,816	17,289	9,899	8,040
Historical cost	28,120	32,997	18,410	19,508
Accumulated depreciation	(13,304)	(15,708)	(8,511)	(11,468)
Long-term investments	3,318	4,738	9,866	9,866
Other long-term assets	5,770	6,373	5,107	5,666
Construction in progress	2,560	1,605	908	908
Total long-term assets	**26,464**	**30,005**	**23,354**	**22,055**
Total assets	**72,000**	**88,142**	**67,754**	**77,674**
Liabilities & Equity				
Short-term loans and debts	14,446	19,170	10,529	11,362
Accounts payable	18,555	20,195	10,427	12,782
Reward fund	1,835	2,160	1,202	1,435
Short-term liabilities	**34,836**	**41,525**	**22,158**	**25,578**
Long-term loans and debts	501	1,904	1,479	980
Other long-term payables	935	965	779	892
Long-term debts	**1,436**	**2,869**	**2,258**	**1,872**
Total debts	**36,272**	**44,394**	**24,416**	**27,450**
Owner's equity	14,711	17,035	19,590	22,529
Surplus	50	50	50	50
Retained earnings	11,031	14,302	17,773	21,592
Other items	4,003	5,096	4,806	4,976
Minority interests	5,933	7,265	1,120	1,078
Equity	**35,728**	**43,748**	**43,338**	**50,224**
Total capital	**72,000**	**88,142**	**67,754**	**77,674**

Cash flow	2024A	2025A	2026F	2027F
Beginning cash	**8,279**	**9,315**	**10,522**	**16,903**
NPAT	**9,860**	**10,806**	**10,327**	**11,670**
Depreciations	2,535	2,914	2,844	2,957
Provisions	1,149	651	18	18
Changes in working capital and other adjustments	(1,840)	(4.235)	(606)	(714)
Cash flows from operations	**11,704**	**10,136**	**12,582**	**13,931**
Proceeds from disposals of fixed assets	14	7	-	-
Capital expenditure	(3,275)	(5,098)	(1,240)	(1,098)
Other investment activities	(5,201)	(6,534)	-	-

Interest coverage	21.1x	17.1x	20.5x	24.5x	**Cash flows from investing activities**	**(8,462)**	**(11,625)**	**(1,240)**	**(1,098)**
					Debt changes	931	6,179	(1.555)	333
					Increase (decrease) in capital	163	1,196	-	-
					Dividends paid	(3,292)	(4,574)	(3,407)	(3.918)
					Other financing activities	-	-	-	-
					Cash flows from financing activities	**(2,198)**	**2,801**	**(4,962)**	**(3,585)**
					Net cash flow	**1,044**	**1,313**	**6,381**	**9,248**
					Exchange rate difference	(8)	(106)	-	-
					Ending cash	**9,315**	**10,522**	**16,903**	**26,151**

G. APPENDIX

1. Appendix: Leveraging AI to enhance productivity in IT service delivery (Return to main content)

FPT is directly integrating AI into its IT service delivery process to boost productivity and shorten project timelines. Specifically, the company has developed proprietary internal tools such as CodeVista, AgentVista, and TestVista to support programming, testing, and deployment, thereby significantly accelerating service delivery.

In legacy system modernization, FPT utilizes xMainframe, where AI serves as a coding assistant for COBOL. This solution automates system analysis, processing, and the migration of millions of lines of code. It has been deployed for over 40 clients across more than 300 modernized systems, substantially driving efficiency compared to traditional methods.

Furthermore, within the insurance sector, AI solutions automate the highly repetitive claims handling process. This allows for the processing of over 140,000 files per year, slashing processing times from 2 days down to just 2 minutes and reducing operating costs by approximately 8%.

Overall, these insights demonstrate that AI plays a pivotal role in **reducing manual workloads, compressing deployment timelines, and optimizing operational efficiency**, ultimately driving higher productivity across IT service operations.

Source: FPT - Investor Meeting Q4/2025

2. Appendix: Anthropic announces AI model to support translation and logic processing for legacy COBOL systems (Return to main content)

In February 2026, Anthropic announced an AI model capable of reading, understanding, and translating COBOL source code—a programming language widely used in financial, banking, and public administration systems in Japan from the 1960s to the 1980s. Accordingly, the rapid development of AI suggests that the IT services industry as a whole is facing the risk of declining demand for IT outsourcing services.

However, we believe **the impact of this risk remains limited regarding COBOL modernization services**, stemming from two main bottlenecks:

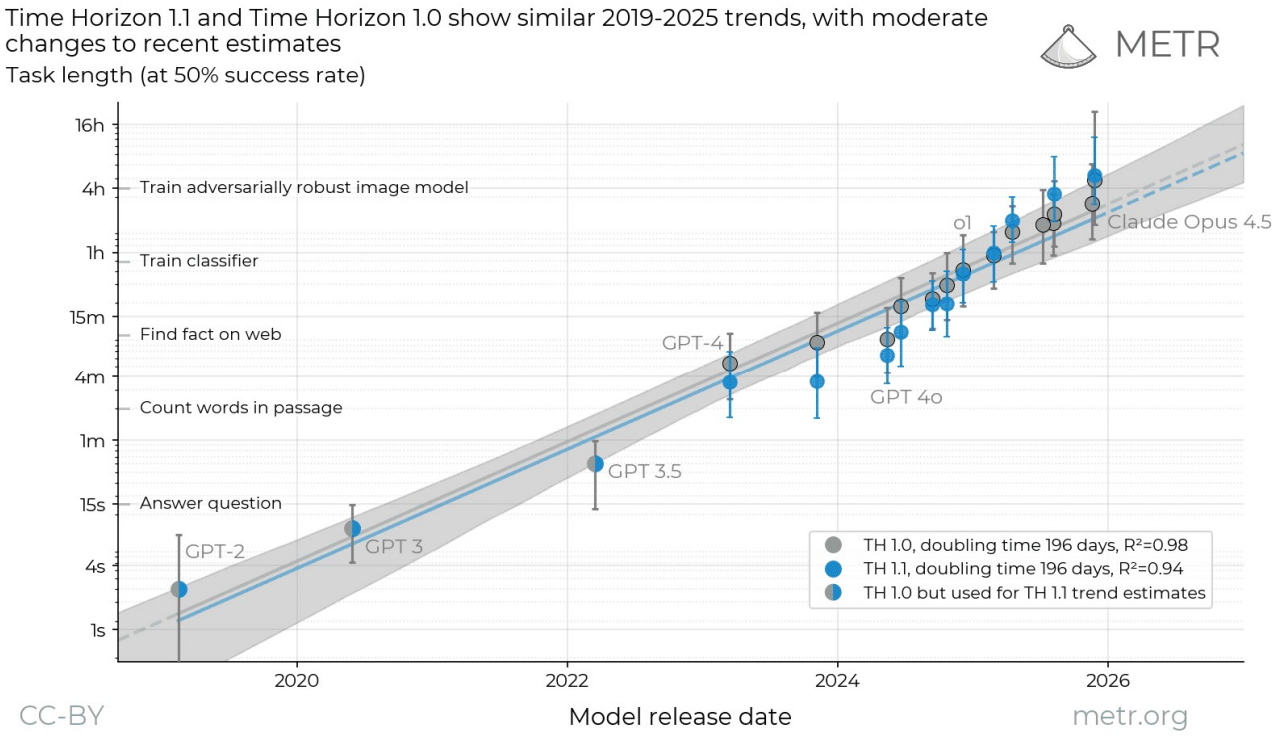
(1) The translation and logic-comprehension phase of the programming language is not the bottleneck of the COBOL modernization process. Specifically, the more costly and complex phase of legacy system modernization lies in standardizing, cleaning, and integrating decades of accumulated data. This data is often fragmented, inconsistent, and deeply intertwined with the specific business operations of each organization, making it impossible to be fully automated by AI at this stage.

(2) High operational risk: Despite AI assistance, the process of converting an entire system still demands rigorous testing, parallel deployment, and continuous human oversight over multiple years. This is particularly critical given that major banks and financial institutions in Japan, the US, and the EU process hundreds of billions of dollars in daily transactions on these legacy COBOL systems.

3. Appendix: Improvement velocity of AI task-processing capabilities from 2019 to 2025 (Return to main content)

AI models have also demonstrated rapid improvements in their task-processing capabilities. According to METR, the complexity of tasks that AI can complete with a success rate of over 50% doubled approximately every 196 days during the 2019–2025 period. Furthermore, this trend is projected to persist or potentially accelerate even faster over the 2026–2030 period.

Chart 44: AI task complexity continually ascends between 2019 and 2025.



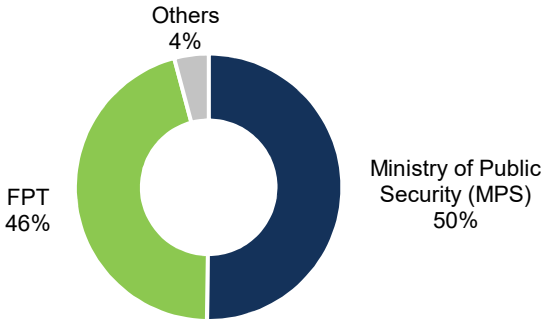
Source: METR research

4. Appendix: Change in financial statement consolidation method for FPT Telecom from January 1, 2026

(Return to the main topic)

Effective January 1, 2026, FPT will transition its financial accounting method for FPT Telecom Joint Stock Company (UPCOM: FOX) from full consolidation (applicable to subsidiaries) to the equity method (applicable to associates). Consequently, FPT will only recognize its share of NPAT from FOX based on its ownership stake (45.66%), rather than consolidating FOX's entire revenue and NPAT into its financial statements as currently practiced (the Ministry of Public Security currently holds a 50.2% equity stake in FOX). While the Telecom segment's assets and revenues will no longer be recognized under the Group's total assets and revenues, it will still contribute approximately 17% to the NPATMI (Net Profit After Tax and Minority Interest) structure, thereby leaving shareholder value unaffected.

Chart 45: Ownership structure of FOX



Source: FPT, FPTS research

5. Appendix: Many leading IT universities in Vietnam establish joint programs with Japan.

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Japan-collaborative initiatives at Vietnam's top IT universities focus heavily on training engineers tailored to Japanese corporate standards and requirements, encompassing software engineering, artificial intelligence, and semiconductors. Conversely, in India, collaborative programs with Japan are predominantly academic and research-oriented, with less emphasis on directly cultivating human resources for the Japanese market.

University	Nation	Sector	Japan Link
Hanoi University of Science and Technology (HUST)	Vietnam		Higher Education Development Support Project on ICT (HEDSPI)

Ho Chi Minh City University of Technology (HCMUT)		Computer Science, Information Technology	Japan-oriented Program - Computer Science
University of Information Technology - VNU-HCM (UIT)			Vietnam-Japan Information Technology Program
FPT University			In partnership with FPT Japan
Ho Chi Minh City University of Technology (HUTECH)			Vietnam-Japan Institute of Technology (VJIT)
Indian Institute of Technology Bombay	India	Computer Science, Information Technology	Research collaboration
Indian Institute of Technology Delhi			Academic exchange and research
Indian Institute of Science			Research collaboration
BITS Pilani			International exchange

Source: FPTS research

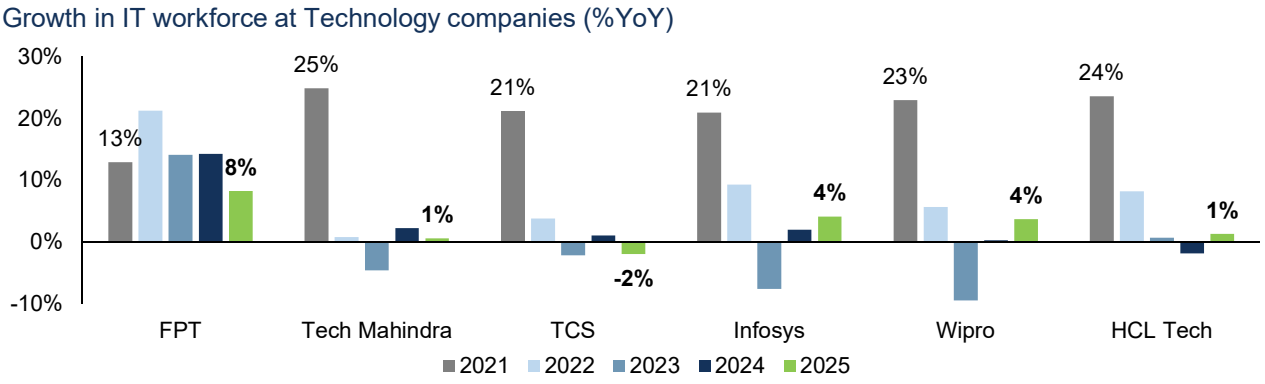
6. Appendix: High correlation between IT workforce scale and revenue growth velocity.

(Back)

During the 2021–2022 period, global IT spending surged by +13.7% YoY (with the software segment jumping +39.1% YoY), fueled by a sharp rise in DX (Digital Transformation) demand across enterprises post-COVID-19. Consequently, Indian IT firms saw their revenues grow by an average of +18.7% YoY, driving a corresponding expansion in their IT workforce scale (+22.7% YoY). Subsequently, both revenue and headcount growth at these companies decelerated as global IT spending cooled down amid major markets (the US and EU) tightening their IT budgets in response to economic uncertainties.

Conversely, FPT maintained more stable growth in both revenue and headcount owing to its diversified market structure. This growth momentum was driven by rotating DX demand across various regions—such as the US (2021–2022), APAC (2022–2024), and Japan and the EU (2023–2025)—which effectively mitigated the impact when any single market experienced a slowdown.

Chart 46: IT headcount growth decelerated in 2025 due to cooling IT spending and AI-driven productivity gains.



Source: FPTS research

7. Tailwinds supporting IT service demand in the Japanese market (Return to main content)

Table 9: Growth drivers of the Japanese IT services market

Growth drivers	CAGR 2026-31F contribution	Geographical scope	Impact timeline
Driving DX under "Society 5.0"	+2.8%	Nationwide, focused on Tokyo – Osaka.	Long-term (≥ 4 years)

Cloud computing adoption (Central & Local Governments)	+2.1%	Nationwide, early deployment in major metropolitan areas.	Medium term (2–4 years)
Tax incentives for SMEs adopting SaaS	+1.7%	Nationwide, concentrated in manufacturing hubs.	Short-term (≤ 2 years)
Escalating investment in hyperscale data centers.	+1.9%	Concentrated in Kanto, Kansai, and Kyushu regions.	Medium term (2–4 years)
High security demand amid rising cybersecurity insurance costs.	+1.4%	Nationwide, prioritized in BFSI and critical infrastructure.	Short-term (≤ 2 years)
Legacy IT systems forced to modernize.	+2.6%	Nationwide, heavy impact on BFSI and manufacturing.	Short-term (≤ 2 years)

Source: Moder Intelligence, FPTS research

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