

FPT CORP – 1H2017 PERFORMANCE

GROWTH ACCELERATED IN JUNE WITH KPI EXCEEDED TARGETS

In 1H2017, FPT has exceeded the YTD plan with 13% growth achieved in both revenue and profit before tax. Specifically, consolidated revenue was VND 20,136 billion, up 13% YoY, equal to 102% of the YTD target. Profit before tax (PBT) was VND 1,427 billion, equal to 102% of the YTD target, up 13% YoY. Profit after tax (PAT) was VND 1,211 billion in 1H2017, equal to 101% of the YTD target, up 12% YoY. PAT attributed to parent company's shareholders was VND 925 billion in 1H2017, achieving 103% of the YTD target, up 13% YoY. EPS was VND 1,747, achieving 103% of the YTD target, up 12% YoY.

Overseas markets continued to gain a larger share out of total performance. In 1H2017, revenue from overseas markets was VND 3,071 billion, up 14% YoY. Profit before tax from overseas markets was VND 450 billion in the same period, up 19% YoY, accounting for 32% of consolidated PBT in 1H2017.

Summary of YTD consolidated financial performance

Unit: VND in billions

Indicator	1H2016	1H2017	YoY change	vs. YTD guidance
Net revenue	17,818	20,136	13%	102%
Profit before tax (PBT)	1,258	1,427	13%	102%
Profit after tax (PAT)	1,077	1,211	12%	101%
PAT attributed to parent company's shareholders	820	925	13%	103%
Basic EPS (VND)	1,557	1,747	12%	103%

Table 1 - Summary of financial performance in 1H2017

YTD segment reporting

Unit: VND in billions

Segments	REVENUE				PROFIT BEFORE TAX			
	1H2016	1H2017	YoY change	% YTD guidance	1H2016	1H2017	YoY change	% YTD guidance
Software outsourcing	2,359	2,768	17%	97%	349	431	24%	97%
System integration, software solutions and IT services	1,585	1,754	11%	108%	9	22	152%	78%
Subtotal Technology	3,944	4,522	15%	101%	358	453	27%	96%
Telecom services	2,960	3,403	15%	99%	422	503	19%	104%
Online advertising	217	231	6%	92%	110	120	9%	109%
Subtotal Telecom	3,178	3,634	14%	99%	533	623	17%	105%
Distribution and manufacturing of IT products and mobile handsets	5,613	5,338	-5%	103%	182	150	-18%	105%
Retail	4,736	6,193	31%	103%	98	141	44%	103%
Subtotal Distribution & Retail	10,349	11,531	11%	103%	280	291	4%	104%
Education & investments	347	450	30%	N/A	87	60	-32%	N/A
Total	17,818	20,136	13%	102%	1,258	1,427	13%	102%

Table 2 - Financial performance by segments in 1H2017

TECHNOLOGY SECTOR

MAINTAINING IMPRESSIVE YTD PBT GROWTH OF 27% YOY THANKS TO LARGE DOMESTIC SI PROJECTS

Software outsourcing

The **software outsourcing** segment, which serves customers in *developed markets* including Japan (and South Korea), US, Europe and Asia Pacific (APAC), recorded revenue of VND 2,768 billion, up 17% YoY in 1H2017. Profit before tax for the reported period was VND 431 billion, up 24% YoY, boasting a margin improvement to 15.6% from 14.8% in the prior year period.

System integration, software solutions and IT services

The information system business, including three segments including **system integration, software solutions and IT services** shared the same customer base and have their revenue derived mostly from domestic market, and from developing countries such as Bangladesh, Myanmar, Laos, Cambodia, etc.

In 1H2017, the information system business recorded revenue of VND 1,754 billion, up 11% YoY, equal to 108% of the YTD targets, and PBT of VND 22 billion, slightly improved from the VND 9 billion recorded in 1H2016, equal to 78% of the YTD targets.

Total value of contract signed in 1H2017 was VND 2,283 billion, up 13% against the prior year period. Backlog balance for the three segments including system integration, software solutions and IT services ended up being VND 2,964 billion by the end of June, down 7% as compared to 1H2016, which was mostly caused by lower backlog carried forward from 2016 (VND 2,434 billion, down 12%), while both value of contracts signed in 1H2017 and revenue booked in 1H2017 surged.

TELECOM SECTOR

PROFIT OF TELECOM SECTOR SURGED BY 10% YOY THANKS TO IMPROVING MARGINS OF TELECOM SERVICES SEGMENT

Telecom services – PBT increased strongly by 17% year-on-year

Being the key growth driver of the Telecom sector's revenue and profits, the Telecom services segment recorded VND 3,634 billion in revenue in 1H2017, growing by 14% YoY, equal to 99% of the YTD target.

In more details, revenue from providing **broadband services** to individuals and households recorded 15% YoY growth to VND 3,403 billion in 1H2017. It's useful to be reminded that in 1H2016, the Telecom services segment recorded negative profit growth due to continued costs allocation of materials (last mile and modem) that were related to the fiber optic swap project in Hanoi and HCMC.

Other **non-broadband telecom services**, including leased line, voice, data center and IPTV services have also performed well and recorded 11% top-line growth on a year-over-year basis, to VND 2,275 billion in the same period, which was mostly driven by pay-TV revenue growth.

Online advertising

Continuing the trend in 2016, **online advertising** revenue of VND billion in 1H2017, up YoY, and PBT of VND billion in 1H2017, increasing by YoY. Profit growth should have been in 1H2017 excluding the non-regular financial gain from 2016 figures.

DISTRIBUTION AND RETAIL SECTOR

PROFIT OF THE SECTOR CONTINUED TO IMPROVE IN JUNE AS COMPARED TO PRIOR MONTHS

Distribution of IT products and mobile handsets

The distribution business recorded revenue of VND 11,531 billion, and PBT of VND 291 billion in 1H2017, decreasing by 5% and 18% YoY (5M2017: decreasing by 8% and 28% YoY), and completing 103% and 104% of the YTD plan, respectively. In 2016, Lumia stock has been sold off gradually since May – June, therefore average monthly PBT of the 2H2016 period was VND 17 billion/month. Average monthly PBT in 1H2017 was VND 24.94 billion, showing improvement on both MoM and QoQ basis as compared to 2H2016.

Retail business

Technology product retail business has maintained impressive growth to-date. In 1H2017, retail revenue was VND 118 billion, up 4% YoY, and profit before tax was VND 6 billion, up -55% YoY, continued to show margin expansion. FPT Retail was operating 432 stores by the end of June. Online sales, another important growth driver, also saw an impressive YTD six-month revenue growth of 113% YoY, accounting for 16.1% of the YTD retail revenue.

SUMMARY OF NOTABLE EVENTS



GLOBALIZATION

- ❖ **Official launching of FPT's biggest IT project overseas:** The Integrated VAT Administration System (IVAS) implemented by FPT Information System (FPT IS) for the National Board of Revenue, Bangladesh (NBR) was officially put into operation on schedule after 12 months of deployment. This was the largest overseas IT project of FPT (USD 33.6 million, World Bank-funded project). [Read more](#)
- ❖ **FPT won biggest IT contract for Public sector in Myanmar:** FPT was officially selected by Myanmar's Ministry of Planning and Finance for a contract worth USD 11.3 million. This has been the biggest IT project of Myanmar government so far and also the biggest World Bank funded IT project in this country. [Read more](#)
- ❖ **FPT opens Vietnam's largest software outsourcing center:** FPT Software officially launched 2nd phase of software village, F-Ville 2. Together with F-Ville 1, opened in 2013, FPT Software's office in Hoa Lac is the largest software outsourcing center in Vietnam with 5,000 employees and was targeted to become a global center to provide digital transformation. [Read more](#)
- ❖ **FPT Japan get big win in Sendai:** Japanese language and technical skills helped FPT Japan beat its competitors from South Korea and China to win a value contract with a multinational computer technology company based in Sendai (Japan). [Read more](#)
- ❖ **80% of 10,000 BrSE participants working in Japan:** They are currently working at some of Japan's major companies, including NTT Communications, Fujitsu, SBI Holdings, Human Touch, Pasona Tech, FPT Japan with a salary of USD 2,000 – USD 3,000/month. The remaining 20% are currently working at FPT Software in Vietnam and Japanese companies in Vietnam. [Read more](#)
- ❖ **FPT signs MoU with UPS:** FPT signed a memorandum of understanding (MoU) with the US's United Parcel Service (UPS), the leader in global logistics, with revenue standing at USD 61 billion in 2016 on May 31, during Prime Minister Nguyen Xuan Phuc's visit to the US. [Read more](#)



PROJECTS

- ❖ **FPT and Vietnam Airlines signed strategic cooperation agreement:** Accordingly, FPT will provide Vietnam Airlines with its best IT products, services and solutions meeting Vietnam Airlines' requirements including security solution. [Read more](#)
- ❖ **Hanoi to have Digital Maps by 2017:** FPT will implement a digital map of Hanoi that provides people and agencies with real-time traffic information and a list of traffic infrastructure facilities. Total of investment value of FPT is VND 2,200 billion. [Read more](#)
- ❖ **FPT IS kick off USD 11.3 million project for the Myanmar government:** The USD 11.3 million project involved supply, installation and commissioning of pre-fabricated data center facilities for Myanmar's Ministry of Planning and Finance was officially kicked off by FPT IS on June 7. The project will take 9 months to complete and FPT IS will continue to support operations for the next three years. [Read more](#)
- ❖ **FPT IS successfully deploys Cisco ACI for VIB:** FPT IS and Vietnam International Commercial Joint Stock Bank (VIB) held a closing ceremony of the project entitled "Upgrading

VIB-2016 Data Center Network Infrastructure". This is the first project to deploy the latest technology of Cisco ACI for a bank in Vietnam. [Read more](#)



AWARDS

- ❖ **FPT Software steps up in Top 100 Viet Nam Best Places to Work:** The Anphabe Career Network and Nielsen Market Research Company just unveiled the list of Top 100 Best Workplaces in Vietnam 2016. FPT Software ranks 12th on the list, 9-step compared to the 2013 list. [Read more](#)
- ❖ **FPT Software named AWS's Technology Partner of the Year:** On April 11, FPT was recently honored to be named as "Technology Partner of the year" by Amazon Web Services (AWS) at the AWS Singapore 2017. [Read more](#)
- ❖ **FPT scored maximum point for transparency criteria including corporate and owner:** According to Transparency in Corporate Reporting: Assessing the 30 largest companies in Vietnam (TRAC Vietnam 2017), FPT is one of the two enterprises being ranked the first position with a maximum point of 100% on the transparency criteria including corporate and ownership structure. [Read more](#)
- ❖ **FPT Software receive 3 stars from IAOP for 2nd consecutive year:** IAOP just announced 2017's best outsourcing service providers – The Global Outsourcing 100. This is the 2nd consecutive year FPT Software has received stars. FPT Software ranked among the list of Global Outsourcing 100 for the 4th consecutive year. [Read more](#)
- ❖ **FPT rank among Nikkei Asia 300 for 3rd consecutive year:** The Nikkei Asian Review – the leading media conglomerate in Japan, announced a list of Asia 300 – the most valuable and effective business group in Asia. This is the 4th consecutive year that FPT has been honored by Nikkei and the 3rd consecutive year that FPT has been among the Nikkei Asia 300 list. [Read more](#)
- ❖ **FPT ranked among Vietnam's 50 best-performing companies for the 6th consecutive year:** The Nhip Cau Dau Tu (Investment Bridge) magazine honored Vietnam's 50 best-performing companies in Viet Nam in 2016 (Top 50 2016) in HCM City on June 9. FPT has been ranked among the list for the 6th consecutive year. The corporation has become the only technology company makes it to the list of Vietnam's 50 best-performing companies. [Read more](#)
- ❖ **FPT Trading becomes only Vietnamese distributor to be honored by HPE:** FPS under FPT Trading beat over 100 candidates from Asia to win the title of APJ Distributor of the Year on June 5, 2017 at the Sands Expo and Convention Centre in Las Vegas, the U.S. [Read more](#)
- ❖ **FPT marks 5th consecutive year among Forbes Vietnam's Top 50:** Vietnam Forbes Magazine announced a list of 50 best listed companies on the Vietnamese stock market in 2017 on May 29. FPT ranked among the list for the 5th consecutive year. [Read more](#)



TECHNOLOGY

- ❖ **FPT Software re-appraised at CMMI Level 5 v1.3:** FPT Software has been re-appraised at level 5 v1.3 of the CMMI, the highest level based on the CMMI standards. This certificate is very important to FPT Software as it not only increases big customers' trust to the company but also creates many outputs for departments to innovate in project training, administration and operation. [Read more](#)

- ❖ **FPT and Siemens partners in MindSphere IoT Operating System:** FPT Corporation and Siemens AG announced the signing of the Memorandum of Understanding in utilizing MindSphere, the cloud-based open IoT operating system from Siemens, for global customers. FPT and Siemens will work together to train 1,000 Vietnamese employees in MindSphere and provide digital transformation for all areas in Asia Pacific and Europe. [Read more](#)
- ❖ **FPT Telecom brings HI GIO Cloud to Vietnam Cloud Computing 2017:** On June 22, 2017, FPT Telecom attended Vietnam Cloud Computing 2017 and shared the pros and cons of applying cloud computing service in business. [Read more](#)
- ❖ **FPT Telecom showcase most advanced products/services at Vietnam ICT Comm 2017:** At the International Exhibition on Telecommunications Products and Services – Information and Communication Technology (Vietnam ICT Comm 2017), FPT Telecom showcased its 1Gbps Internet service package named SOC for individuals and household customers. The highest speed Internet service package in Vietnam is officially available from May 1, 2017 in Hanoi and also Ho Chi Minh City. [Read more](#)
- ❖ **For the first time, IBM, Amazon and DuPont discuss AI with tech community:** On June 6, senior leaders and technology experts of three giants including the DuPont, Amazon and IBM discussed on Artificial Intelligence (AI) at FPT TechDay 2017. [Read more](#)



DISTRIBUTION – RETAIL

- ❖ **Shopee partners with FPT Trading to expand electronics business:** E-commerce platform Shopee signed a strategic cooperation agreement with FPT Trading on the expansion of electronics business on July 10. [Read more](#)



EDUCATION

- ❖ **FPT University honored with PM's Certificate of Merit:** Deputy Prime Minister Vu Duc Dam made his visit to the campus of FPT University located at Hoa Lac Hi-tech Park, on February 13. On the occasion, FPT University was honored with a Certificate of Merit from the PM for its achievements in innovating training for high-quality human resources, contributing to build socialist and national defense. [Read more](#)
- ❖ **Funix International partners with Colorado State University and Plato Academy:** On June 15, in Hanoi, Funix International launched a cooperative model of online education to earn a US master's degree as well as a learning consulting system from Nguyen Duc Son and Plato Brand Academy for Marketing/ Communication/ Branding. [Read more](#)

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