FPT CORP – 9M2017 PERFORMANCE

A SUSTAINABLE GROWTH RATE AS PLANNED

In 9M2017, FPT recorded consolidated revenue of VND 31,131 billion, up 9% YoY, equal to 98% of the YTD target. Profit before tax (PBT) was VND 2,308 billion, equal to 99% of the YTD target, up 15% YoY.

Profit after tax (PAT) was VND 1,955 billion in 9M2017, equal to 99% of the YTD target, up 12% YoY. PAT attributed to parent company’s shareholders was VND 1,507 billion in 9M2017, equal to 98% of the YTD target, up 13% YoY. EPS was VND 2,845 equal to 98% of the YTD target, up 13% YoY.

Overseas markets continued to perform well. In 9M2017, revenue from overseas markets was VND 4,879 billion, up 17% YoY. Profit before tax from overseas markets was VND 741 billion in the same period, up 23% YoY, accounting for 32% of consolidated PBT in 9M2017.

Summary of YTD consolidated financial performance

<table>
<thead>
<tr>
<th>Indicator</th>
<th>9M2016</th>
<th>9M2017</th>
<th>YoY change</th>
<th>vs. YTD guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>28,468</td>
<td>31,131</td>
<td>9%</td>
<td>98%</td>
</tr>
<tr>
<td>Profit before tax (PBT)</td>
<td>2,012</td>
<td>2,308</td>
<td>15%</td>
<td>99%</td>
</tr>
<tr>
<td>Profit after tax (PAT)</td>
<td>1,744</td>
<td>1,955</td>
<td>12%</td>
<td>99%</td>
</tr>
<tr>
<td>PAT attributed to parent company’s shareholders</td>
<td>1,330</td>
<td>1,507</td>
<td>13%</td>
<td>98%</td>
</tr>
<tr>
<td>Basic EPS (VND)</td>
<td>2,522</td>
<td>2,845</td>
<td>13%</td>
<td>98%</td>
</tr>
</tbody>
</table>

Table 1 - Summary of financial performance in 9M2017

YTD segment reporting

<table>
<thead>
<tr>
<th>Segments</th>
<th>Revenue</th>
<th>YoY change</th>
<th>% YTD guidance</th>
<th>Profit before tax</th>
<th>YoY change</th>
<th>% YTD guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software outsourcing</td>
<td>3,666</td>
<td>4,377</td>
<td>19%</td>
<td>98%</td>
<td>556</td>
<td>25%</td>
</tr>
<tr>
<td>System integration, software solutions and IT services</td>
<td>2,975</td>
<td>2,727</td>
<td>-8%</td>
<td>91%</td>
<td>93</td>
<td>-37%</td>
</tr>
<tr>
<td>Subtotal Technology</td>
<td>6,641</td>
<td>7,104</td>
<td>7%</td>
<td>95%</td>
<td>649</td>
<td>16%</td>
</tr>
<tr>
<td>Telecom services</td>
<td>4,578</td>
<td>5,216</td>
<td>14%</td>
<td>99%</td>
<td>676</td>
<td>9%</td>
</tr>
<tr>
<td>Online advertising</td>
<td>343</td>
<td>374</td>
<td>9%</td>
<td>93%</td>
<td>177</td>
<td>14%</td>
</tr>
<tr>
<td>Subtotal Telecom</td>
<td>4,922</td>
<td>5,590</td>
<td>14%</td>
<td>99%</td>
<td>853</td>
<td>10%</td>
</tr>
<tr>
<td>Distribution and manufacturing of IT products and mobile handsets</td>
<td>8,965</td>
<td>8,703</td>
<td>-3%</td>
<td>100%</td>
<td>240</td>
<td>9%</td>
</tr>
<tr>
<td>Retail</td>
<td>7,368</td>
<td>9,002</td>
<td>22%</td>
<td>96%</td>
<td>157</td>
<td>40%</td>
</tr>
<tr>
<td>Subtotal Distribution &amp; Retail</td>
<td>16,333</td>
<td>17,705</td>
<td>8%</td>
<td>98%</td>
<td>397</td>
<td>21%</td>
</tr>
<tr>
<td>Education &amp; investments</td>
<td>572</td>
<td>732</td>
<td>28%</td>
<td>N/A</td>
<td>113</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>28,468</td>
<td>31,131</td>
<td>9%</td>
<td>98%</td>
<td>2,012</td>
<td>15%</td>
</tr>
</tbody>
</table>

Table 2 - Financial performance by segments in 9M2017
The Technology sector recorded PBT increased by 16% YoY in 9M2017 on the back of a strong growth of the outsourcing segment (25% growth YoY). The financial performance of segments including software solutions, IT services and system integration was not as expected.

**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 4,377 billion, up 19% YoY in 9M2017. Profit before tax for the reported period was VND 696 billion, up 25% YoY, boasting a margin improvement to 15.9% from 15.2% 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 9M2017, the information system business recorded revenue of VND 2,727 billion, decreased 8% YoY, equal to 91% of the YTD targets, and PBT of VND 58 billion, went down 37% YoY. The main reason was delay in contract signing and projects deployment in the country and abroad.

Total value of contract signed in 9M2017 was VND 3,713 billion, up 22% YoY, equal to 91% of the YTD targets, and PBT of VND 58 billion, went down 37% YoY. The main reason was delay in contract signing and projects deployment in the country and abroad.

In more details, revenue from providing broadband services to individuals and households recorded 9% YoY growth to VND 3,470 billion in 9M2017.

Other non-broadband telecom services, including leased line, voice, data center and IPTV services have also performed well and recorded 24% top-line growth on a year-over-year basis, to VND 1,745 billion in the reported period, which was mostly driven by pay-TV revenue growth.

**Online advertising**

Online advertising posted revenue of VND 374 billion in 9M2017, up 9% YoY, and PBT of VND 201 billion in 9M2017, increasing by 14% YoY. Profit growth should have been 21% in 9M2017 excluding the non-regular financial gain from 2016 figures.
DISTRIBUTION AND RETAIL SECTOR

Distribution of IT products and mobile handsets – Earnings growth sustained the improving trend from prior months

The distribution business recorded revenue of VND 8,703 billion, decreasing by 3% while PBT was VND 261 billion in 9M2017, up 9% YoY (as compared to 6M2017, when revenue and PBT decreased by 5% and 18% YoY, respectively), and both completed 100% of the YTD plan.

Retail business – Maintaining the impressive growth

Technology product retail business has maintained impressive growth to-date. In 9M2017, retail revenue was VND 9,002 billion, up 22% YoY, and profit before tax was VND 219 billion, up 40% YoY, continued to show the expansion in terms of margin. FPT Retail were operating 450 stores by the end of September. Online sales, another important growth driver, also saw an impressive YTD eight-month revenue growth of 138% YoY, accounting for 16.4% of the YTD retail revenue.

EDUCATION SEGMENT

The sector of education delivered an enrollment strong growth rate of 45%, completed 100% of the YTD target, equivalent to 12,000 new students. In 2017, FPT University established two branches in Da Nang and Can Tho with a size of 15,000 students for each branch.
SUMMARY OF NOTABLE EVENTS

- **Synnex invests to own 47% of FPT Trading**: FPT Corporation has signed an investment agreement with the strategic partner Synnex Technology International Corporation (Synnex) – a USD-33-billion-revenue corporation and being the world’s third largest distribution group in IT, telecom and IC component distribution. Accordingly, Synnex will invest to own 47% of charter capital of FPT Trading Company Limited (FPT Trading). [Read more]

- **FPT transferred 30% of its ownership in FRT to Dragon Capital and VinaCapital**: August 11, FPT has completed transferring 30% of FPT Digital Retail JSC (FPT Retail)’s charter capital, which is equivalent to 6,000,000 shares, to funds managed under and associated with Dragon Capital and VinaCapital. [Read more]

GLOBALIZATION

- **FPT Software and Siemens Join Forces to Push Forward the Expansion of MindSphere**: FPT and Siemens will work together to provide worldwide solutions on MindSphere to help businesses adopt digital transformation for their organizations, particular in leveraging big data for IT/OT convergence. FPT will also develop up to 1,000 FTEs worldwide to help Siemens in MindSphere's global go-to-market. [Read more]

- **FPT Software and Futurenuri corporate to digitalize library system in Vietnam**: On September 26, 2017, FPT Software and Futurenuri (Korea) announced their cooperation in providing and deploying Tulip digital library system for universities, organizations and enterprises etc. [Read more]

- **FPT Japan open R&D Centre in Okinawa**: FPT Okinawa R&D Centre (FORO) operates as a nearshore centre of FPT in Japan to improve access to advanced technology to change innovative ideas into products and services. [Read more]

- **FPT signs strategic cooperation agreement with Coca Cola Vietnam**: On August 22, FPT Chairman Truong Gia Binh and CIO of Coca Cola Tiffani Sassei officially signed a cooperation agreement for digital transformation for the 2017-2020 period. [Read more]

PROJECTS

- **First 5-star hotel in Vietnam run FPT.iHotel**: Grand Hotel managed by Saigon Tourist is the first 5-star hotel to run FPT.iHotel. The project has been deployed since June 2016. It is completed by the end of this year. [Read more]

- **FPT IS builds the backup system for the Internet center of Vietnam**: When coming into operation, the system will ensure that service will not be interrupted and will have the highest level of security for Vietnam Internet Network Information Center. Moreover, it will reduce the risk of break-down for the national DNS service to the lowest level. [Read more]

- **FPT IS deploy ERP system for Vietnam's largest wood processing enterprise**: On September 20, 2007, FPT IS and Truong Thanh Furniture Corporation officially kicked off Enterprise Resource Planning System - SAP S4Hana. The system will help Truong Thanh plan and manage all production and business activities in a transparent and consistent manner, setting the foundation for its sustainable development. [Read more]
FPT IS complete implementation of Oracle E-Business Suite for Binh Minh Plastic: The system will help Binh Minh Plastics get consistent and transparent information, control accounting data from its branches/factories and member companies, and make quick decisions any time anywhere. [Read more]

FPT IS helps Dong Nai to become the pioneer in E-Hospital: On 30 August, FPT IS has officially started the 2nd phase of the project “Building the Health management information system of Dong Nai”. [Read more]

FPT digitize freight transport operations of Vietnam Railways: Currently, the freight management operations of Vietnam Railways have been moved into a computerized software deployed by FPT IS. [Read more]

FPT implement ERP system for one of the world’s Top 5 soymilk manufacturers: On August 2, FPT IS officially kicked off a VND46 billion project of implementing SAP ERP system for the Vietnam Soya Product Company (Vinasoy). It will be expected to run on June 1, 2018. [Read more]

FPT IS deploys ERP for ALS to create breakthrough in management: Aviation Logistics Corporation (ALS) has just officially kicked off the Enterprise Resource Planning project (ERP) with the total value of VND11 billion. This project will be implemented by FPT IS within 9 months. [Read more]

AWARDS

Sendo.vn ranked among Top 3 Vietnamese E-Commerce based on monthly visits: Online shopping aggregator’s portal of 7 South East markets (iPrice) has just released Vietnam’s E-commerce map. With nearly 25 million views per month, Sendo.vn ranked among 3 e-commerce corporations with most visits in Vietnam. [Read more]

FPT IS - the only Vietnamese enterprise to receive Outstanding ICT Company Award: FPT IS become only Vietnamese enterprise to receive Outstanding ICT Company Award at 2017 ASOCIO ICT Summit held on September 12 in Taiwan. [Read more]

FPT successively honoured at Top ICT Vietnam 2017: The award ceremony of Top ICT Vietnam 2017 was held by HCM City Computer Association (HCA) on September 19. Three FPT’s member companies were honoured with awards in 5 categories. [Read more]

FSB’s full-time MBA among Top 30 in Far East Asia: FPT School of Business (under FPT University) became the only representative of Vietnam to have full-time MBA program among Top 30 in Far East Asia and Top 200 in the world. [Read more]

FPT among Forbes Vietnam’s Top 50 for 5th consecutive year: Vietnam Forbes Magazine honored 50 best listed companies on the Vietnamese stock market in 2017 on September 14. FPT ranked among the list for the 5th consecutive year and became the only tech firm in the sector of software, telecommunication and retail. [Read more]

TECHNOLOGY

FPT supports people to buy train tickets since 15 October: From 8 am 15 October, Vietnam National Railways will start selling train ticket for the Lunar New Year 2018 on their website, in the stations, and with their agencies. FPT will have their technical staff in the stations in Hanoi and Ho Chi Minh City support citizens to book tickets online. [Read more]
FPT Television launches first Interactive Theatre Program in Vietnam: On September 29, FPT Television launched the first Interactive Theatre Program in Vietnam, allowing audiences to participate in the performances and pick the ending. Read more

FPT and Arago announce strategic global partnership: July 10, FPT Software, a global leading software and technology company headquartered in Vietnam and Arago GmbH (Arago), a pioneer in artificial intelligence (AI) and leader in intelligent automation, today announced a strategic global partnership. Read more

FPT Software and MICA sign a cooperation agreement to develop AI projects: Recently, FPT Software and the International Research Institute MICA signed a joint research and development agreement on artificial intelligence projects, mainly image and speech processing. Read more

**EDUCATION**

FSB announce VND4 billion MBA scholarship fund for people with high PQ: This is the “MBA scholarship program for Future leaders” held by FPT School of Business under FPT University. The program is to discover the candidates with the born nature of leadership to nurture the talents for the promising source of nation-wide leaders. The fund is VND4 billion in total, which has been allocated to 200 portions due to the candidate capabilities. Read more

Disclaimer
This document has been prepared by FPT Corporation and/or its subsidiaries for the purpose of setting out certain information in respect of FPT’s business activities in the period stated. This document may contain forward-looking statements that reflect management’s current view with respect to the future development of FPT Corporation, as well as its subsidiaries. The outlook is based on estimates and expectation that we have made on the basis of all the information we have at this point in time. In addition, such forward-looking statements are subject to risks and uncertainties, which may cause actual results to differ materially.

This document, which is not for public circulation, must not be copied, transferred or the content disclosed to any third party and is not intended for use by any person other than the addressee.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of FPT Corporation.