

# Sea Ltd (SE US)

## En route to profitability

### 4QFY22 is a record quarter for Sea

Sea's FY22 USD3.5b (+7% YoY) revenue beat our/consensus' full-year expectation (101%/104%), thanks to deeper monetisation on Shopee, which saw take-rate hit a new record (+1.6% pts QoQ). Stripping out exceptional items of USD150m, Sea swung to a net profit for 4Q22 at USD271m from a year-ago loss. We believe Sea's faster-than-expected improvement in cost measures and e-commerce and fintech monetisation should enable it to break-even in FY23E at the adjusted EBITDA level. Our SOTP-based TP rises 7% to USD105 on a higher e-commerce multiple of 3.4x (from 1.9x) as we roll forward our valuations to FY24E.

### Cost discipline ignites strong turnaround

Adj. EBITDA in 4QFY22 reached USD196m, massive QoQ turnaround from USD(359)m in the previous quarter. Management attributed this to: i) decisive pivoting to sharpen its focus on business areas with the greatest potential while exiting/downsizing others; and ii) improving cost efficiency for Shopee and SeaMoney by tightening expenses relating to marketing and logistics. Notably sales and marketing expenses fell significantly to USD474m (-61% YoY) in 4Q22; there was also a sequential improvement in R&D spending and headquarter costs. We think this trend might continue and nudge Sea's opex to sales ratio (39.2% in 4Q22) to be more in line with the 30-40% seen at peers.

### Set to achieve adj.EBITDA breakeven in FY23E

We believe that SE's main focus for FY23e is to drive sustainable revenue growth in all segments to reach group adj.EBITDA breakeven by FY23E. While we see further booking declines from Free Fire due to weaker user trends and reduction in consumer discretionary spending, Sea is actively managing costs to maintain a healthy profit margin for its gaming segment. As a group, we believe Sea will be able to reaccelerate its top line growth in FY24E upon achieving the profitability milestones - we forecast 15%/16% YoY revenue growth in FY24/25E as it reinvests in a more sustainable manner to defend its e-commerce market leadership position and broaden its digital bank offerings across Southeast Asia.

### Sea rebound seems imminent; maintain BUY

We think Sea's share price may remain volatile in the near term due to the recent shift in interest rate expectations and our forecast of slower top line growth in FY23-FY24E caused by steep cuts to sales and marketing costs. That said, we continue to like Sea as a proxy for ASEAN digitalisation, given its strong regional market leadership in e-commerce (Shopee) and ability to cross-sell high-margin digital financial services. We believe a rerating for Sea remains imminent, but are realistic as a return to its all-time high in the near and medium terms seem unlikely.

FYE Dec (USD m)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	9,955	12,449	13,621	15,770	18,274
EBITDA	(1,304)	(997)	(209)	535	1,445
Core net profit	(2,047)	(1,652)	(1,249)	(215)	469
Core FDEPS (cts)	(364.1)	(290.6)	(212.6)	(36.5)	79.9
Core FDEPS growth(%)	nm	nm	nm	nm	nm
Net DPS (cts)	0.0	0.0	0.0	0.0	0.0
Core FD P/E (x)	nm	nm	nm	nm	nm
P/BV (x)	16.9	5.1	8.9	7.9	5.8
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
ROAA (%)	(14.0)	(9.2)	(7.2)	(1.2)	2.3
EV/EBITDA (x)	nm	nm	nm	77.6	26.4
Net gearing (%) (incl perps)	net cash				
Consensus net profit	-	-	na	na	na
MIBG vs. Consensus (%)	-	-	na	na	na

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# BUY

Share Price USD 80.52  
12m Price Target USD 105.00 (+30%)  
Previous Price Target USD 98.00

### Company Description

Sea is an internet company that has businesses in gaming, e-commerce and digital financial services.

### Statistics

52w high/low (USD)	132.33/41.05
3m avg turnover (USDm)	68.2
Free float (%)	98.4
Issued shares (m)	562
Market capitalisation	USD45.2B
	USD45.2B

### Major shareholders:

Tencent	18.6%
Li Xiaodong	17.1%
Gang Ye	6.1%

### Price Performance



	-1M	-3M	-12M
Absolute (%)	17	32	(13)
Relative to index (%)	21	32	(12)

Source: FactSet

### Abbreviations:

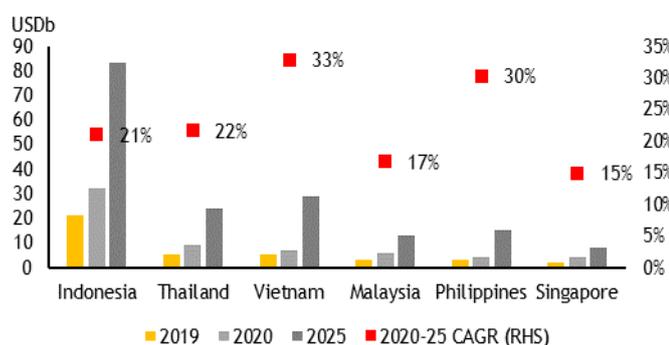
DFS: Digital Finance Services  
DE: Digital Entertainment  
GMV: Gross Merchandise Value

ESG@MAYBANK IBG  
Tear Sheet Insert

## Value Proposition

- Sea is a Singapore-founded internet company with businesses in digital entertainment, e-commerce, and digital financial services.
- Sea is a beneficiary of accelerated digitisation in a post-Covid-19 landscape (e.g. increased usage and stickiness of e-commerce and digital payments).
- Sea believes in prioritising user acquisition and retention through aggressive marketing and providing compelling product propositions, so that it can maximise monetisation later on.
- Sea's strength is also its ability to adapt to local preferences, which helps it excel in regions with heterogeneous cultures such as in Southeast Asia.

### Shopee is exposed to fast-growing ASEAN e-commerce GMV

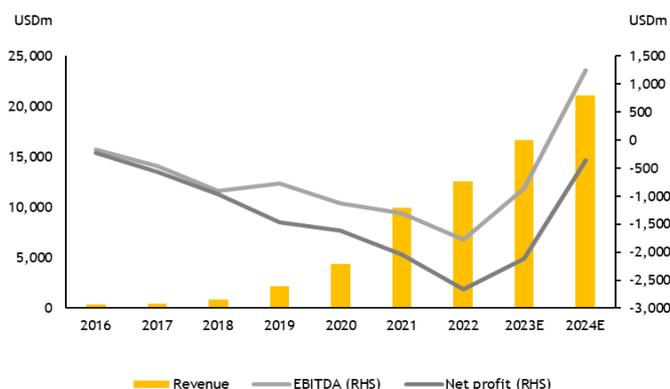


Source: Company

## Financial Metrics

- We forecast FY22-25E revenue CAGR of 26.5%, driven by e-commerce and digital financial services.
- We also expect Sea to achieve breakeven in FY24E.
- We expect Sea to remain in a net cash position through FY24E, and have enough cash to fund investments in e-commerce and digital financial services. Digital entertainment is still an important source of cash flow.

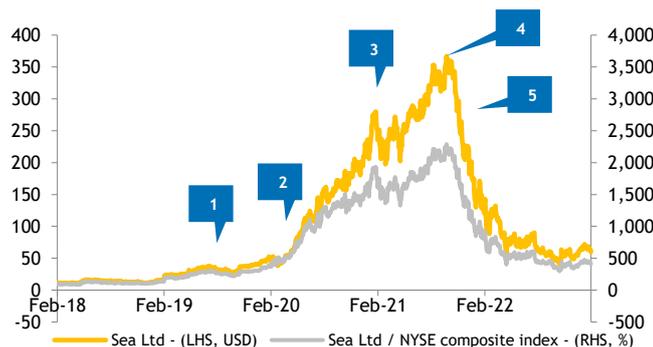
### Revenue, EBITDA and net profit projections



Source: Company

## Price Drivers

### Historical share price trend



Source: Company, Maybank IBG Research

- Strong 4Q18 and 1Q19 results on continued success of Free Fire.
- 2Q19 loss widened despite results beat.
- Sea was beneficiary of Covid-19, and share price rallied alongside e-commerce peers.
- Stronger-than-expected 2Q21 results, driven by Garena and Shopee, and company raising guidance.
- Sell-off due to concerns of normalising growth for Garena Free Fire, as well as broader weakness for pre-earnings growth companies amid hawkish Fed outlook.

## Swing Factors

### Upside

- Stronger than expected user growth (across all businesses).
- Stronger than expected GMV/TPV growth for e-commerce/ digital financial services.
- Stronger than anticipated monetisation rates across its businesses.

### Downside

- If investors are impatient with any delay in Sea's profitability turnaround.
- Slowing user growth metrics, especially if this is due to increasing competition across Sea's offerings.
- Signs of Free Fire losing market share, especially if Garena remains heavily reliant on Free Fire to drive revenue growth.
- Geopolitical and macro events that may harm Shopee's supply chains or market access.

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Risk Rating & Score <sup>1</sup>	na
Score Momentum <sup>2</sup>	na
Last Updated	na
Controversy Score <sup>3</sup>	na

## Business Model & Industry Issues

- As an internet business, we believe social issues is the most relevant, followed by governance and then environmental.
- In the e-commerce business, driving social good (e.g. providing and teaching merchants how to use services) is integral to sustainably grow the platform and to retain merchants while monetising them. For instance, in Indonesia, 57% of MSMEs reported that they generated higher profits on Shopee than on other marketplaces.
- We believe the key issues for Garena are: i) addiction; and ii) compliance to local laws. For instance, Bangladesh is reportedly trying to ban Free Fire (alongside other addictive apps like PUBG and Tik Tok). Garena's response to appease authorities is important.
- The financial sector is also a highly regulated one. In our view SeaMoney's growth will be in part influenced by not just adherence to local laws, but how SeaMoney advances government agendas (e.g. facilitate roll-out of financial assistance in Malaysia and regulatory support for digital banking initiatives in ASEAN).
- Data security is also a critical ESG factor. Sea has employed various security measures to ensure this. (e.g. encryption of sensitive data, monitoring for unauthorized access etc).

## Material E issues

- Aside from the increased use of packaging materials associated with e-commerce as compared to traditional commerce, we do not see much environmental issues as the remaining businesses are digital based (i.e. gaming and digital financial services).
- We believe carbon emissions from running the computer servers that Sea uses is also a key environmental footprint, although not much has been discussed in Sea's sustainability report pertaining environmental factors.

## Material S issues

- Of Sea's >30,000 global workforce, 46% are females. Furthermore, 46% of the middle to senior management positions are held by females. SEA also boast a diverse culture of over 50 different nationalities in their company.
- Sea strongly believes in hiring and grooming local talent, and is one of the largest employers of fresh graduates across Southeast Asia.
- During the pandemic, Shopee provided financial support and relief to SMEs by easing operational costs and attracting new customers. Shopee also provided the SMEs with online courses to help them to scale and succeed their business in the long run. Furthermore, SEA Limited committed more than USD35m worth of COVID-19 Seller Support Packages across their markets, and provided monetary donation of more than USD510,000.

## Key G metrics and issues

- The board consist of 6 members, out of which, 3 are non-executive.
- From a data security standpoint, Sea is committed to ensuring that the processing of personal data of consumers, employers and other stakeholders are carried out lawfully. Sea states that it uses its data collected to improve products to better serve its communities.
- Given a large part of Sea's competitive advantage is derived from the network effects from its large user base across multiple markets, compliance with laws is of utmost importance. Further, we believe complementing its growth strategies with government agenda

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

Quantitative Parameters (Score: 58)						
	Particulars	Unit	2019	2020	2021	Grab (Grab US, FY21)
E	Scope 1	tCO2e	NA	NA	36,333	0
	Scope 2	tCO2e	NA	NA	112,014	10,800
	<b>Total</b>	<b>tCO2e</b>	<b>NA</b>	<b>NA</b>	<b>148,347</b>	<b>10,800</b>
	Scope 3	tCO2e	NA	NA	NA	1,489,200
	<b>Total</b>	<b>tCO2e</b>	<b>NA</b>	<b>NA</b>	<b>148,347</b>	<b>1,500,000</b>
	Total Energy usage	kWh	NA	NA	NA	16,651,127
	Renewable Energy	kWh	NA	NA	NA	7,127,538
		tCo2e				
	Emission per revenue	/USDm	NA	NA	14.9	2222.22
	Emission per employee	FTE	NA	NA	2.20	169.03
	Net water consumption	m m3	NA	NA	NA	NA
	Use of recycled water instead of portable water	m m3	NA	NA	NA	NA
	Water Intensity	M3/SGDm	NA	NA	NA	NA
	Waste saved from operation	m tons	NA	NA	NA	774
Customer E-waste Recycling	tons	NA	NA	NA	NA	
S	% of women in workforce	%	NA	46%	46%	42%
	% of women in management roles	%	NA	46%	44%	34%
	No. of nationalities among employees	number	NA	50	70	NA
G	CEO salary as % of net profit	%	Nm	Nm	Nm	Nm
	Key management salary as % of profit	%	Nm	Nm	Nm	Nm
	Independent director on board	%	0%	0%	0%	67%
	Women directors on board	%	9%	9%	9%	17%

Qualitative Parameters (Score: 33)	
a) is there an ESG policy in place and whether there is a standalone ESG committee or is it part of a risk committee?	<i>The company has various policies covering different aspects of ESG. There are KPIs, business objectives, governance enablers and risks for each of the segments</i>
b) is the senior management salary linked to fulfilling ESG targets?	<i>No</i>
c) Does the company follow the task force of climate related disclosures (TCFD) framework for ESG reporting?	<i>Yes</i>
e) Does the company have a mechanism to capture Scope 3 emissions - which parameters are captured?	<i>No</i>
f) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?	<i>The company has initiated various measures to manage waste and carbon emission such as the Energy Efficiency Programme and the Unilever Green Delivery Project.</i>
g) Does carbon offset form part of the net zero/carbon neutrality target of the company?	<i>Yes</i>

Target (Score: 0)		
Particulars	Target	Achieved
No Targets	NA	NA
<b>Impact</b>		
	NA	
<b>Overall Score: 37</b>		
As per our ESG matrix, Sea Ltd has an overall score of 37.		

ESG score	Weights	Scores	Final Score
Quantitative	50%	58	29
Qualitative	25%	33	8
Target	25%	0	0
<b>Total</b>			<b>37</b>

As per our ESG assessment, Sea Ltd has established sustainability policies but there are no time based targets set for the period. Its quantitative disclosures on 'E' parameters on emissions, resource usage as well as 'S' parameters on workforce and management diversity are limited. SE's overall ESG score is 37, which makes its ESG rating below average in our view (average ESG rating = 50; refer to Appendix I for our ESG Assessment Scoring).

# 1. FY22 financial highlights and guidance

## Group

- Sea's FY22 USD12.4b (+25.1% YoY) revenue exceeded our/consensus expectations slightly (101%/104%). Total adjusted EBITDA for 4Q22 turned positive to USD496m, positively impacted by USD130m of accrual reversal and USD200m net gain from debt extinguishment.
- Total net loss was USD1.7b, improving by 33.1% YoY and 38.9% QoQ.
- As of FY22, cash & cash equivalents and short-term investments were USD6.9b, representing a net change of USD (401.6) million from 3Q22. Sea continues to maintain a net cash position.

## E-commerce (Shopee)

- FY22 revenue was USD7.3b (+43% YoY) with strong take rate expansion of 1.6% pts QoQ, this is offset by weaker GMV growth.
- The adjusted EBITDA turned positive in Q4FY22 to USD196m (4Q21: USD878m loss) driven by deeper monetisation and significant reduction in expenses to improve unit economics.
- All Asia markets for Shopee have turned positive adj.EBITDA while other markets improved by over 65% in 4Q22. Unit economics for Brazil saw significant improvement with adj.EBITDA loss narrowed to USD0.47 (+55% QoQ)
- Given the current macroeconomic headwinds to consumption, Sea's focus in FY23 will be to continue driving sustainable revenue growth and solidifying its ecosystem. Management plans to continue investments to improve Shopee's user experience and further lower cost to serve as it believes this is key to enlarge total addressable market to capture underserved consumers sustainably.

## Digital Entertainment (Garena)

- GAAP revenue fell 10% YoY to USD3.9b, as bookings for 4Q declined 18% QoQ. Macro headwinds, interest rate hikes and schools reopening combined to dampen user engagement and reduce consumer discretionary spending on games.
- Adjusted EBITDA fell 10% QoQ to USD258.2m. QAU was 485.5m (-15% QoQ) and QPU registered 43.6m, while the paying user ratio fell 1ppts.
- Key focus for this segment in FY23F is to continue driving user engagement for core games and streamline its game content to improve accessibility and gameplay across different markets.

## Digital Financial Services (SeaMoney)

- FY22 GAAP revenue was USD1.2b, up 160.1% YoY.
- FY22 adjusted EBITDA for Q4FY22 turned positive reaching USD76m due to strong topline growth and significant reduction in sales & marketing expenses.
- As at end 4Q22, total loans receivable amounted to USD2.1b, net of allowance for credit losses of USD238.8m.
- Management remains focused on 1) building a strong userbase, 2) improving quality of fintech services, and 3) diversifying services and sources of funding for its credit business. The group plans to roll out more credit products in the near-term, and will continue leveraging its Shopee ecosystem to realise cross synergies.

## 2. Quarterly P&L and operation metrics

Fig 1: FY22 results summary

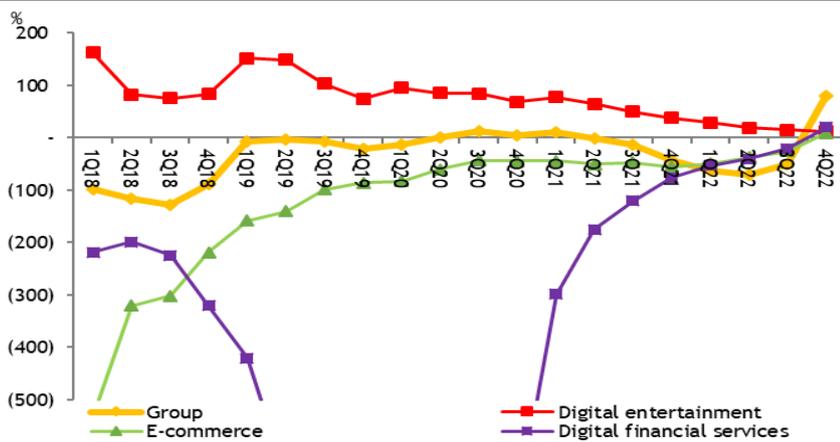
Items (USDm)	4Q22	3Q22	2Q22	1Q22	4Q21	YoY	QoQ	FY22E	FY22 vs FYE	FY22 vs Con.
Digital entertainment bookings	618	715	717	803	1,149	-38%	-0.3%	2,920	98	
E-commerce GMV	18,000	19,100	19,000	17,400	18,200	5%	1%	79,802	92	100
E-commerce GAAP revenue	2,103	1,920	1,749	1,516	1,595	20%	10%	7,728	94	
<b>Service revenue</b>										
Digital entertainment (revenue)	949	893	900	1,135	1,415	-37%	-1%	3,610	107	
E-commerce and other services (revenue)	2,231	1,977	1,756	1,500	1,483	33%	13%	7,728	97	
Sales of goods	271	286	287	265	324	-12%	0%	1,213	91	
<b>Total revenues</b>	<b>3,451</b>	<b>3,156</b>	<b>2,943</b>	<b>2,900</b>	<b>3,222</b>	<b>-2%</b>	<b>7%</b>	<b>12,334</b>	<b>101</b>	<b>104</b>
<b>Total costs of revenues</b>	<b>(1,754)</b>	<b>(1,929)</b>	<b>(1,852)</b>	<b>(1,730)</b>	<b>(1,911)</b>	<b>1%</b>	<b>4%</b>	<b>(7,841)</b>	<b>93</b>	<b>99</b>
<b>Gross profit</b>	<b>1,697</b>	<b>1,227</b>	<b>1,090</b>	<b>1,170</b>	<b>1,311</b>	<b>-6%</b>	<b>13%</b>	<b>4,713</b>	<b>110</b>	<b>110</b>
<b>Net income/(loss) after minority</b>	<b>427</b>	<b>(568)</b>	<b>(933)</b>	<b>(580)</b>	<b>(618)</b>	<b>-8%</b>	<b>-39%</b>	<b>(2,665)</b>	<b>62*</b>	<b>66*</b>

\*improvement over MIBG and consensus estimates

Source: Company, Maybank IBG Research

Fig 2: AEBITDA margin

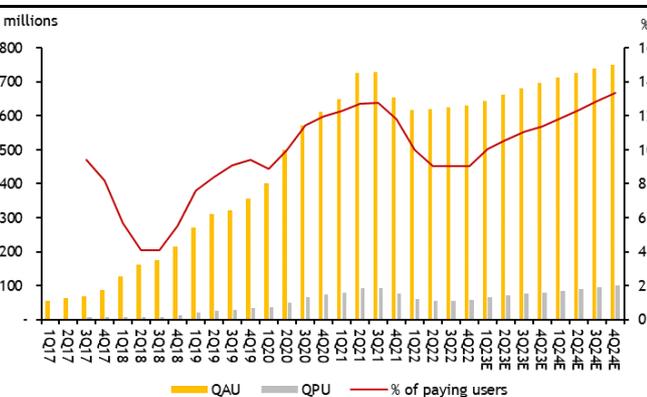
Group profitability dragged down by declines in digital entertainment



Note: Adjusted revenue used as the base

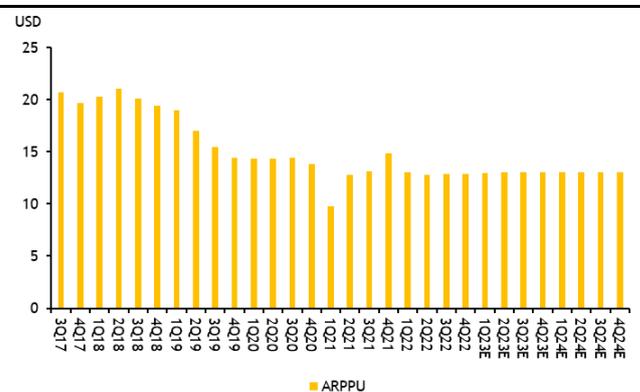
Source: Sea, Maybank IBG Research

Fig 3: Garena user metrics



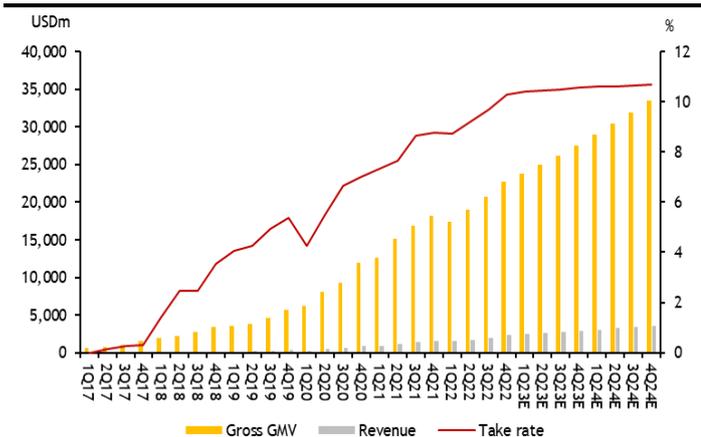
Source: Company, Maybank IBG Research

Fig 4: Garena ARPPU



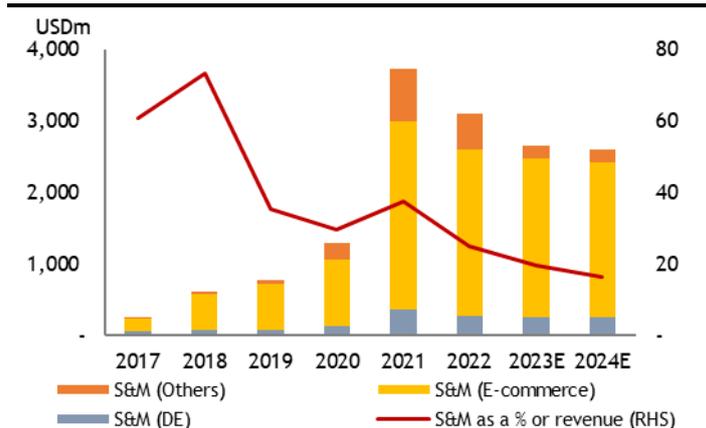
Source: Company, Maybank IBG Research

Fig 5: Shopee's GMV, revenue and take-rate



Source: Company, Maybank IBG Research

Fig 6: Sales &amp; marketing expenses



Source: Company, Maybank IBG Research

### 3. Forecast revisions and outlook

In our view, we expect weaker FY23-24E top line growth given continued weakness for Garena due to reopening/ economic slowdown, and slower GMV growth for Shopee with stronger focus on unit economics. With Sea's faster-than-expected improvement in cost measures and e-commerce and fintech monetisation, the company is likely to break-even in FY23E and continue to sustain its profit growth in the quarters ahead.

Fig 7: Forecast changes

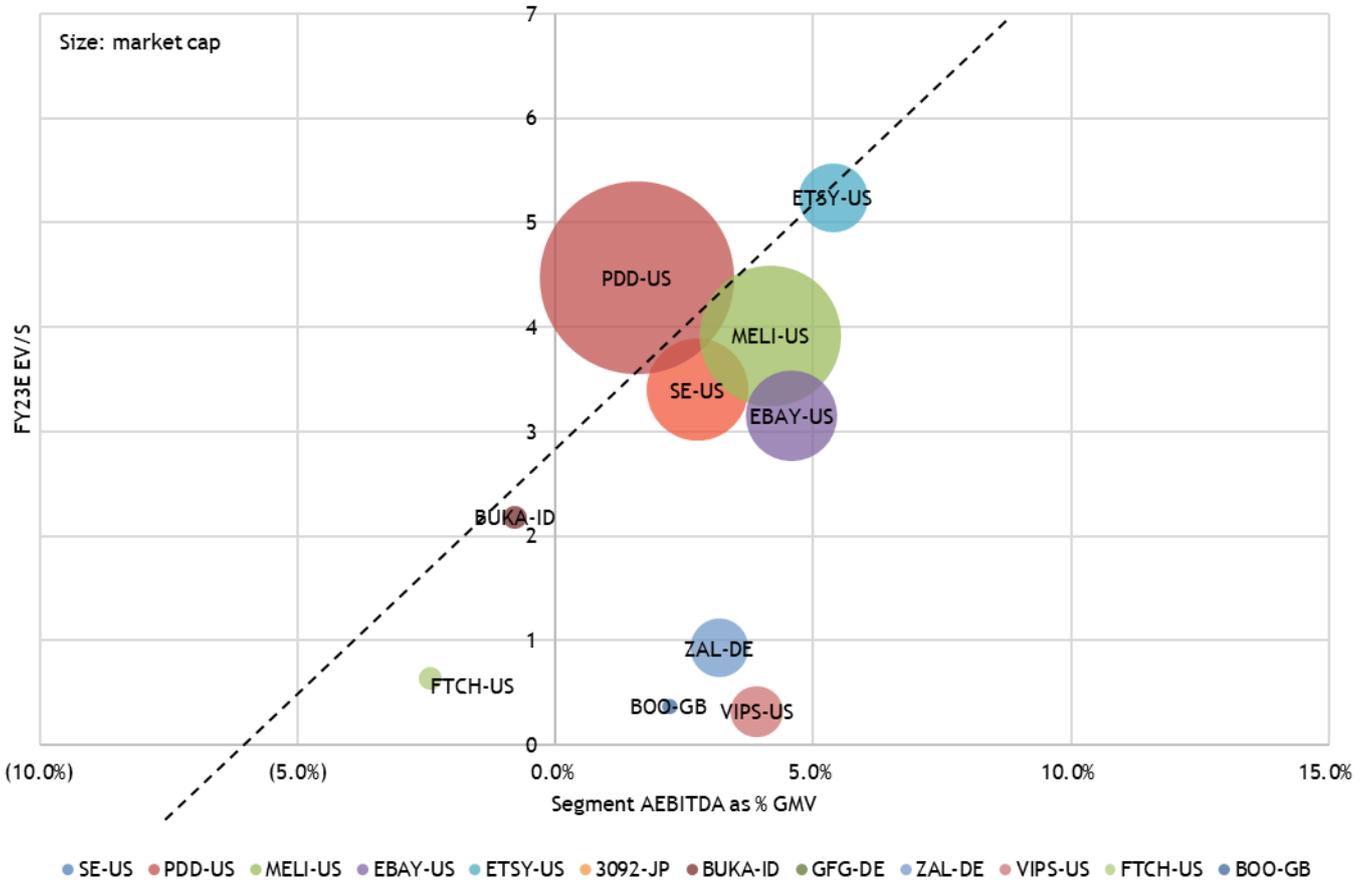
	FY23			FY24			FY25		
	New	Old	change	New	Old	change	New	Old	change
Bookings (USDm)	2,241	3,766	-40%	2,427	3,834	-37%	2,620	4,821	-46%
E-commerce Revenue (USDm)	9,076	10,742	-16%	10,414	12,824	-19%	11,598	15,817	-27%
Total revenues	13,621	16,415	-17%	15,770	19,190	-18%	18,274	24,106	-24%
Gross profit	4,380	5,442	-20%	4,905	6,550	-25%	5,775	8,814	-34%
EBITDA	(209)	(818)	-74%	535	(12)	nm	1,445	1,930	-25%
Net income/(loss) after minority	(1,249)	(2,067)	-40%	(215)	(1,420)	-85%	469	67	602%

Source: Maybank IBG Research

### 4. Valuation: Sea has room to rerate

We continue to like Sea for its longer-term potential given its strong e-commerce (Shopee) leadership in ASEAN and SeaMoney growth riding on ecosystem synergies. While the share price may be volatile in the near term as the company aims to rapidly achieve its profitability milestones, which may sacrifice its top line, we expect a more sustainable valuation re-rating after achieving self-sufficiency. Against that backdrop, we have made adjustments to our multiples, concurrently rolling forward valuations from FY23E to FY24E, resulting in a higher SOTP-based TP of USD105.

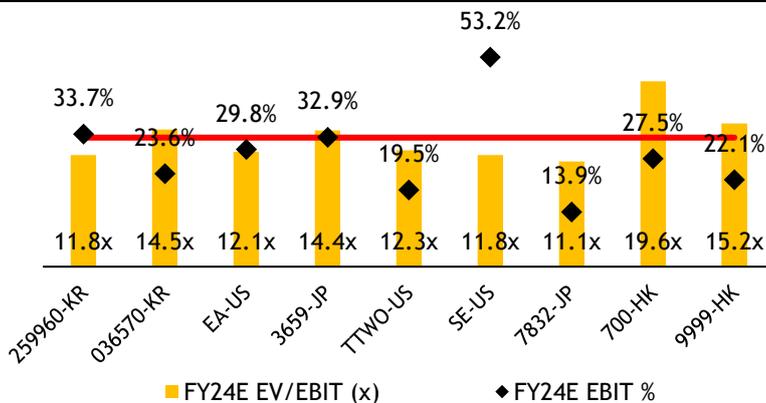
**Fig 8: FY23E EV/S and e-commerce AEBITDA as % of GMV of various e-commerce players**  
 Shift to 3.4x EV/S for Shopee, justified by line of best fit, conservative by removing premium for size



Source: Company, FactSet, Bloomberg, Maybank IBG Research

- e-commerce:** We are adjusting our FY24E EV/S multiple from 1.9x to 3.4x, based on our analysis in Fig 7 as we think it's the best balance to account for Shopee's profitability being below industry peers (MELI, BABA and PDD).

**Fig 9: Adjusted EBITDA margin**



Note: As of 07 Mar 2023

Source: FactSet, Maybank IBG Research

- Digital entertainment:** We are maintaining our multiple at a 15% discount to global peers, considering the single-game concentration with Free Fire. We roll forward our valuation from 12.4x FY23E EV/EBIT to 11.8x FY24E EV/EBIT.

Fig 10: SOTP

Business	Methodology	Multiple	Metric	Value of metric (USDm)	Value of business (USDm)	Note
Digital entertainment	EV/EBIT	11.8	FY24E EBIT	1,685	19,882	15% discount to global peers (13.4x) on account of Free Fire concentration
E-commerce	EV/Sales	3.4	FY24E Revenue	10,414	34,992	Based on cluster analysis in Fig 8
Digital financial services	EV/TPV	0.1	FY24E TPV	60,865	6,087	
				Net cash (USDm)	4,985	4Q22 balance sheet. Includes ST investments
				Equity value (USDm)	65,946	
				Number of shares (m)	631	
				Value per share (USD)	105	

Source: Maybank IBG Research

Downside risks include: 1) weaker-than-expected consumer spending in the region amid macro uncertainties - hurting Shopee's GMV growth; 2) higher-than-expected credit costs for SeaMoney due to a slowdown in economic growth; and 3) further increase in policy rate expectations, impacting valuations.

Fig 11: Peer comparables

Company	FS	MKE	MKE	Price	Mcap	EV/S (x)		EV/EBIT (x)		EV/TPV (x)	
	Code	Rec	TP (LC)			(LC)	USDm	FY1	FY2	FY1	FY2
Sea	SE-US	BUY	105	80.1	30,962	2.4	2.1	nm	nm	0.39	0.37
<b>Digital entertainment</b>											
Tencent	700-HK	NR	-	349.4	425,512	5.8	5.2	21.3	19.0		
Netease	9999-HK	NR	-	124.3	52,009	3.7	3.5	18.1	16.6		
<b>Electronic</b>											
Arts	EA-US	NR	-	109.8	30,102	4.3	4.0	16.1	13.5		
Nexon	3659-JP	NR	-	2941.0	18,694	6.1	5.2	20.0	17.0		
<b>Take Two</b>											
Interactive	TTWO-US	NR	-	109.3	18,436	2.9	3.1	27.7	18.6		
<b>Bandai</b>											
Namco	7832-JP	NR	-	8408.0	13,686	1.7	1.7	12.5	12.0		
Krafton	259960-KR	NR	-	172200.0	6,498	4.0	4.1	9.9	11.3		
NCSOFT	036570-KR	NR	-	431000.0	7,252	3.8	3.8	17.6	17.3		
Netmarble	251270-KR	NR	-	61600.0	4,058	2.5	2.4	97.6	nm		
						<b>3.9</b>	<b>3.7</b>	<b>26.8</b>	<b>15.7</b>		
<b>Marketplace (3P) e-commerce</b>											
Alibaba	BABA-US	NR	-	89.0	1,885,045	14.8	13.9	nm	nm	1.66	1.63
Pinduoduo	PDD-US	NR	-	83.7	105,854	5.2	4.1	20.7	16.2	0.22	0.19
<b>Mercado</b>											
Libre	MELI-US	NR	-	1156.9	58,185	5.8	4.7	nm	nm	1.75	1.54
eBay	EBAY-US	NR	-	45.1	24,458	3.3	3.2	14.3	11.3	0.43	0.44
Etsy	ETSY-US	NR	-	124.1	15,599	6.7	6.2	nm	39.8	nm	nm
Rakuten	4755-JP	NR	-	667.0	7,780	1.4	1.3	nm	nm	nm	nm
ZOZO	3092-JP	NR	-	2969.0	6,784	4.9	4.5	16.2	15.0	1.64	1.50
Allegroeu	ALE-PL	NR	-	28.7	6,771	4.1	3.3	30.5	25.3	0.71	0.64
Bukalapak	BUKA-ID	NR	-	262.0	1,774	3.0	2.2	nm	nm	nm	nm
GFG	GFG-DE	NR	-	1.0	242	0.4	0.4	nm	nm	nm	nm
<b>Mean</b>						<b>5.0</b>	<b>4.4</b>	<b>20.4</b>	<b>21.5</b>	<b>1.1</b>	<b>1.0</b>
<b>B2C (1P) e-commerce</b>											
Amazon	AMZN-US	NR	-	93.5	958,119	2.1	1.9	nm	nm	1.56	1.45
JD.com	JD-US	NR	-	44.8	123,205	0.9	0.7	nm	33.2	0.27	0.24
Coupang	CPNG-US	NR	-	14.8	23,565	1.1	0.9	nm	nm	0.71	0.64
Ocado	OCDO-GB	NR	-	6.2	6,109	2.3	2.1	nm	nm	nm	nm
Zalando	ZAL-DE	NR	-	38.4	10,662	1.0	1.0	nm	nm	0.69	0.65
Vipshop	VIPS-US	NR	-	13.5	7,209	0.3	0.3	5.7	4.7	nm	0.17
Farfetch	FTCH-US	NR	-	5.5	1,865	1.0	0.9	nm	nm	0.59	0.49
Baozun	BZUN-US	NR	-	6.0	985	1.0	0.9	32.8	27.7	0.10	0.09
Asos	ASC-GB	NR	-	8.3	990	0.3	0.3	nm	27.7	nm	nm
PChome	8044-TW	NR	-	64.2	270	0.2	0.2	nm	nm	nm	nm
Boohoo	BOO-GB	NR	-	0.5	732	0.4	0.4	nm	nm	nm	nm
<b>Mean</b>						<b>1.0</b>	<b>0.9</b>	<b>19.2</b>	<b>23.3</b>	<b>0.7</b>	<b>0.5</b>
<b>Financial services</b>											
Visa	V-US	NR	-	205.0	219.6	358,054	12.1	18.0	16.1	0.03	0.02
Mastercard	MA-US	NR	-	339.3	353.1	333,954	15.4	27.1	23.4	0.06	0.05
PayPal	PYPL-US	NR	-	91.0	73.6	83,213	3.2	24.3	13.0	0.07	0.06
Square	SQ-US	NR	-	71.7	77.4	41,575	2.4	314.7	nm	0.25	0.19
<b>Mean</b>							<b>8.3</b>	<b>96.0</b>	<b>17.5</b>	<b>0.10</b>	<b>0.08</b>

Note: As of 07 Mar 2023, TPV refers to GMV for e-commerce

Source: FactSet

FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Key Metrics</b>					
P/E (reported) (x)	nm	nm	nm	nm	101.9
Core P/E (x)	nm	nm	nm	nm	101.9
Core FD P/E (x)	nm	nm	nm	nm	nm
P/BV (x)	16.9	5.1	8.9	7.9	5.8
P/NTA (x)	16.9	5.1	8.1	7.3	5.5
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
FCF yield (%)	nm	nm	nm	2.4	4.4
EV/EBITDA (x)	nm	nm	nm	77.6	26.4
EV/EBIT (x)	nm	nm	nm	nm	nm

**INCOME STATEMENT (USD m)**

Revenue	9,955.2	12,449.0	13,620.6	15,770.0	18,273.8
EBITDA	(1,304.0)	(996.6)	(209.4)	534.7	1,445.4
Depreciation	(279.0)	(490.9)	(729.6)	(969.4)	(1,209.9)
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	(1,583.1)	(1,487.5)	(939.0)	(434.7)	235.5
Net interest income / (exp)	(102.9)	70.1	(72.7)	(73.0)	(45.1)
Associates & JV	5.0	11.2	11.2	11.2	11.2
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	(29.5)	(83.1)	0.0	500.0	500.0
Pretax profit	(1,710.4)	(1,489.4)	(1,000.6)	3.5	701.6
Income tax	(332.9)	(362.9)	(254.8)	(224.3)	(238.2)
Minorities	(3.7)	6.0	6.0	6.0	6.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	(2,047.0)	(1,651.8)	(1,249.4)	(214.8)	469.4
Core net profit	(2,047.0)	(1,651.8)	(1,249.4)	(214.8)	469.4

**BALANCE SHEET (USD m)**

Cash & Short Term Investments	10,799.4	7,579.4	7,661.5	8,712.1	10,781.9
Accounts receivable	388.3	268.8	373.2	432.1	550.7
Inventory	117.5	109.7	110.4	111.0	112.7
Property, Plant & Equip (net)	1,030.0	1,387.9	2,023.2	2,172.7	2,074.3
Intangible assets	52.5	65.0	82.5	97.5	112.5
Investment in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other assets	6,368.3	7,592.0	7,454.2	7,570.5	7,776.9
<b>Total assets</b>	<b>18,756.0</b>	<b>17,002.8</b>	<b>17,704.9</b>	<b>19,095.9</b>	<b>21,409.1</b>
ST interest bearing debt	100.0	88.4	88.4	88.4	88.4
Accounts payable	213.6	258.6	262.4	292.2	325.6
LT interest bearing debt	3,475.7	3,338.8	3,538.8	2,569.8	0.0
Other liabilities	7,542.0	7,506.0	8,039.0	9,638.0	11,963.0
<b>Total Liabilities</b>	<b>11,331.6</b>	<b>11,192.0</b>	<b>11,928.5</b>	<b>12,588.3</b>	<b>12,376.8</b>
Shareholders Equity	7,398.7	5,715.7	5,191.2	5,928.4	8,459.1
Minority Interest	25.7	95.1	89.1	83.1	77.1
<b>Total shareholder equity</b>	<b>7,424.4</b>	<b>5,810.9</b>	<b>5,280.3</b>	<b>6,011.5</b>	<b>8,536.2</b>
<b>Total liabilities and equity</b>	<b>18,756.0</b>	<b>17,002.8</b>	<b>17,704.9</b>	<b>19,095.9</b>	<b>21,409.1</b>

**CASH FLOW (USD m)**

Pretax profit	(1,710.4)	(1,489.4)	(1,000.6)	3.5	701.6
Depreciation & amortisation	279.0	490.9	729.6	969.4	1,209.9
Adj net interest (income)/exp	0.0	0.0	0.0	0.0	0.0
Change in working capital	1,276.2	(1,306.2)	444.1	470.3	442.8
Cash taxes paid	0.0	0.0	0.0	0.0	0.0
Other operating cash flow	363.8	477.7	620.4	764.3	853.9
Cash flow from operations	208.6	(1,827.0)	793.6	2,207.5	3,208.1
Capex	(722.2)	(1,094.1)	(1,089.7)	(1,103.9)	(1,096.4)
Free cash flow	(513.5)	(2,921.0)	(296.1)	1,103.6	2,111.7
Dividends paid	0.0	0.0	0.0	0.0	0.0
Equity raised / (purchased)	4,050.1	0.0	0.0	0.0	0.0
Change in Debt	2,960.3	(11.6)	0.0	0.0	0.0
Other invest/financing cash flow	226.5	(2,704.9)	107.3	(31.1)	(50.8)
Effect of exch rate changes	0.0	0.0	0.0	0.0	0.0
Net cash flow	6,723.3	(5,637.5)	(188.8)	1,072.4	2,060.9

FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	127.5	25.1	9.4	15.8	15.9
EBITDA growth	nm	nm	nm	nm	170.3
EBIT growth	nm	nm	nm	nm	nm
Pretax growth	nm	nm	nm	nm	19,855.3
Reported net profit growth	nm	nm	nm	nm	nm
Core net profit growth	nm	nm	nm	nm	nm
<b>Profitability ratios (%)</b>					
EBITDA margin	nm	nm	nm	3.4	7.9
EBIT margin	nm	nm	nm	nm	1.3
Pretax profit margin	nm	nm	nm	0.0	3.8
Payout ratio	0.0	0.0	0.0	0.0	0.0
<b>DuPont analysis</b>					
Net profit margin (%)	nm	nm	nm	nm	2.6
Revenue/Assets (x)	0.5	0.7	0.8	0.8	0.9
Assets/Equity (x)	2.5	3.0	3.4	3.2	2.5
ROAE (%)	na	na	na	na	na
ROAA (%)	(14.0)	(9.2)	(7.2)	(1.2)	2.3
<b>Liquidity &amp; Efficiency</b>					
Cash conversion cycle	9.0	3.4	2.6	3.7	4.0
Days receivable outstanding	13.6	9.5	8.5	9.2	9.7
Days inventory outstanding	5.4	5.6	4.3	3.7	3.2
Days payables outstanding	10.0	11.7	10.1	9.2	8.9
Dividend cover (x)	nm	nm	nm	nm	nm
Current ratio (x)	2.1	1.8	1.7	1.5	1.4
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	1.7	1.5	1.5	1.5	1.7
Net gearing (%) (incl perps)	net cash				
Net gearing (%) (excl. perps)	net cash				
Net interest cover (x)	na	21.2	na	na	5.2
Debt/EBITDA (x)	nm	nm	nm	5.0	0.1
Capex/revenue (%)	7.3	8.8	8.0	7.0	6.0
Net debt/ (net cash)	(7,223.7)	(4,152.3)	(4,034.2)	(6,053.9)	(10,693.5)

Source: Company; Maybank IBG Research

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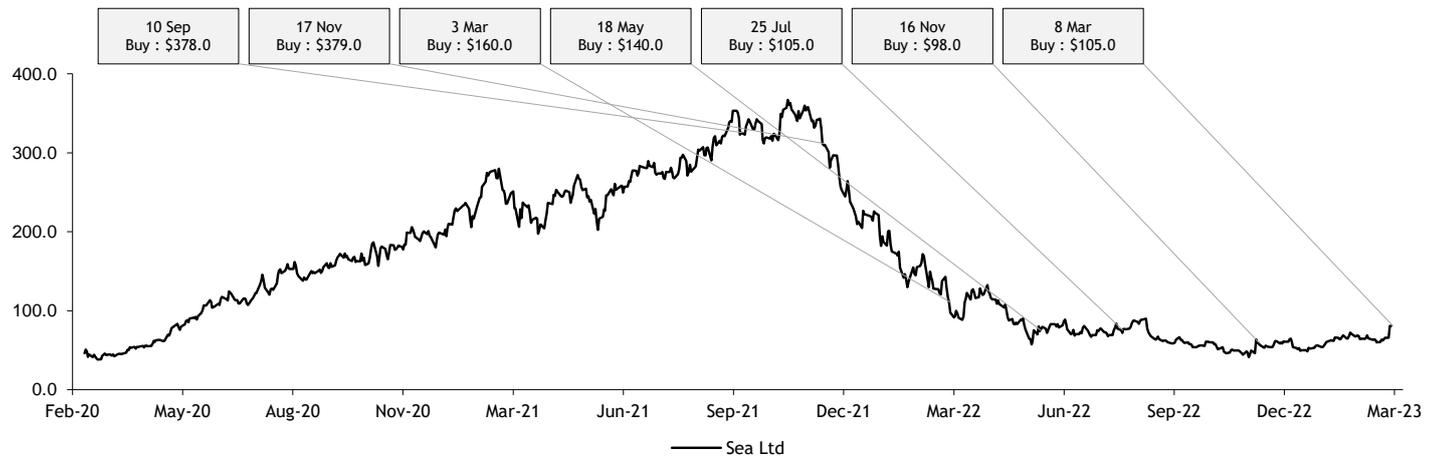
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