

# Sea Ltd (SE US)

## Reinvestment in growth

### 1H23 earnings fell short; weakness may persist

1H23 net profit of USD419m was below our and consensus FY23 forecasts (at 47%/45%) due to increased investments in Shopee (e-commerce) to reaccelerate GMV growth. In our view, lacklustre growth will persist due to continued softness in Garena's bookings and higher investments in the e-commerce business, which will affect SE's earnings in the near term. We thus reduce our FY23-FY25 net profit forecasts by 27-34%. We have lowered TP to USD80 (from USD105), based on a lower e-commerce multiple. Nevertheless, we maintain BUY. Near-term uncertainty aside, we believe SE is amongst the best geared towards riding the structural wave of ASEAN digitalisation through e-commerce and fintech.

### Shopee reigniting investments in GMV growth

Shopee saw healthy momentum with 36% YoY revenue growth in 2Q23 while adjusted EBITDA for e-commerce fell 28% as Sea seeks to boost growth by boosting shipping subsidies and live streams. Management highlighted that the shift to reinvestment could hurt overall profitability and even result in near-term losses. This contributed to a 30% drop in Sea's share price in US trading Tuesday. Shopee's current strategy is to refocus on GMV growth to capture longer-term potential in key markets by lifting shipping subsidies and driving higher participation from users through live streams to boost GMV. In our view, live e-commerce will drag down Sea's profit margins and was likely undertaken to win market share from peers currently still in cost-cutting mode, while also potentially serving as a deterrent for potential new competitors.

### Garena starting to show signs of inflection

Garena's bookings fell further to USD443m in 2Q23 (-4.2% QoQ) due to lower monetisation, although adjusted EBITDA improved 4% QoQ to USD239.5m due to sequential increase in Free Fire bookings, which has higher margins. On the upside, QAU and QPU showed signs of inflection, growing 10.8% and 14.6% QoQ, respectively, after several consecutive quarters of decline. We see green shoots from a rebound in Free Fire's active user base converting to better monetisation. Meanwhile, DFS adj.EBITDA grew to USD137m (+38% QoQ) with its risk profile remaining stable. Leveraging its ecosystem synergies, Sea plans to collaborate closely with ecosystem partners to drive sustainable growth.

### FY23E is a year of fine-tuning

We expect near term share price volatility as investors lacked visibility on the investment effectiveness and engaging in an intense competition towards aggressive GMV growth. But we continue to believe SE remains on strong footing to capture longer term tailwinds from ASEAN digitalisation through rising e-commerce and fintech monetisation, and greater user engagement in Garena.

FYE Dec (USD m)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	9,955	12,449	13,356	14,215	15,598
EBITDA	(1,304)	(997)	1,715	2,390	3,001
Core net profit	(2,047)	(1,652)	683	1,041	1,495
Core FDEPS (cts)	(364.1)	(290.6)	116.2	177.2	254.3
Core FDEPS growth(%)	nm	nm	nm	52.5	43.5
Net DPS (cts)	0.0	0.0	0.0	0.0	0.0
Core FD P/E (x)	nm	nm	34.7	22.8	15.9
P/BV (x)	16.9	5.1	3.2	2.6	2.0
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
ROAA (%)	(14.0)	(9.2)	3.8	5.2	6.6
EV/EBITDA (x)	nm	nm	10.8	6.7	3.8
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash

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# BUY

Share Price	USD 40.35
12m Price Target	USD 80.00 (+98%)
Previous Price Target	USD 105.00

### Company Description

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

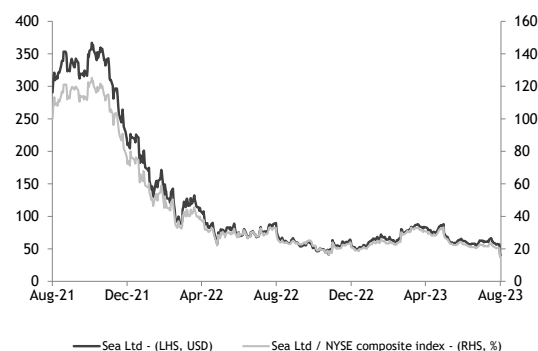
### Statistics

52w high/low (USD)	88.07/40.35
3m avg turnover (USDm)	60.7
Free float (%)	98.5
Issued shares (m)	562
Market capitalisation	USD22.7B
	USD22.7B

### Major shareholders:

Tencent	18.6%
Li Xiaodong	17.1%
Gang Ye	6.1%

### Price Performance



	-1M	-3M	-12M
Absolute (%)	(35)	(44)	(48)
Relative to index (%)	(35)	(47)	(48)

Source: FactSet

### Abbreviations:

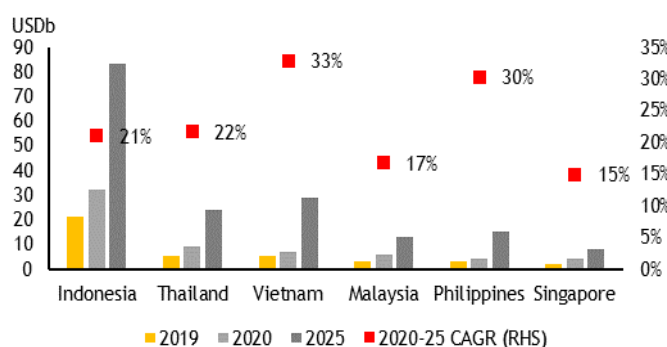
DFS: Digital Finance Services  
DE: Digital Entertainment  
GMV: Gross merchandise value  
QAU: Quarterly active users  
QPU: Quarterly paying users  
MAU: Monthly active users  
TAM: Total addressable market

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

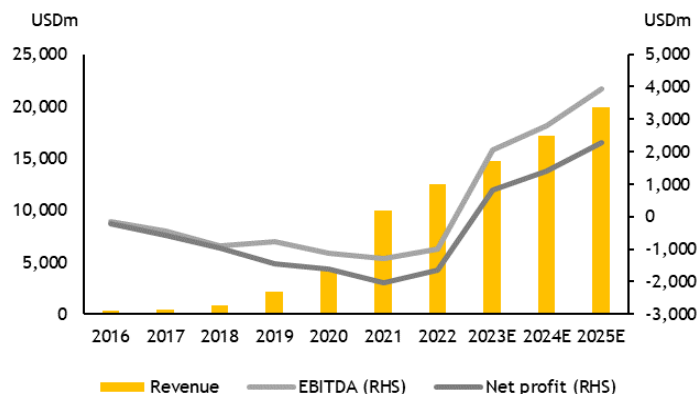


Source: Company

## 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 FY23E.
- 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.

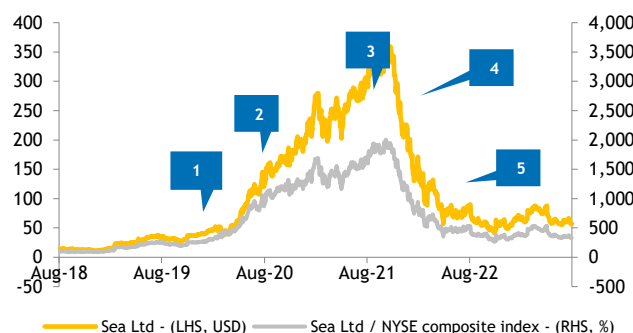
### Revenue, EBITDA and net profit projections



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 delays in Sea turning profitable.
- 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.

### Key G metrics and issues

- The board has 6 members, 3 of which 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.

### 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 its 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 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.

<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
	Emission per revenue	tCo2e /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 is there is a standalone ESG committee or is it part of the 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?	No
c) Does the company follow the task force of climate related disclosures (TCFD) framework for ESG reporting?	Yes
e) Does the company have a mechanism to capture Scope 3 emissions - which parameters are captured?	No
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?	Yes

Target (Score: 0)		
Particulars	Target	Achieved
No Targets	NA	NA
Impact		
	NA	
Overall score: 37		
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. Sea's overall ESG score is 37, which makes its ESG rating below average in our view (average ESG rating = 50).

# 1. Quarterly P&L and operation metrics

Fig 1: 2Q23 results summary

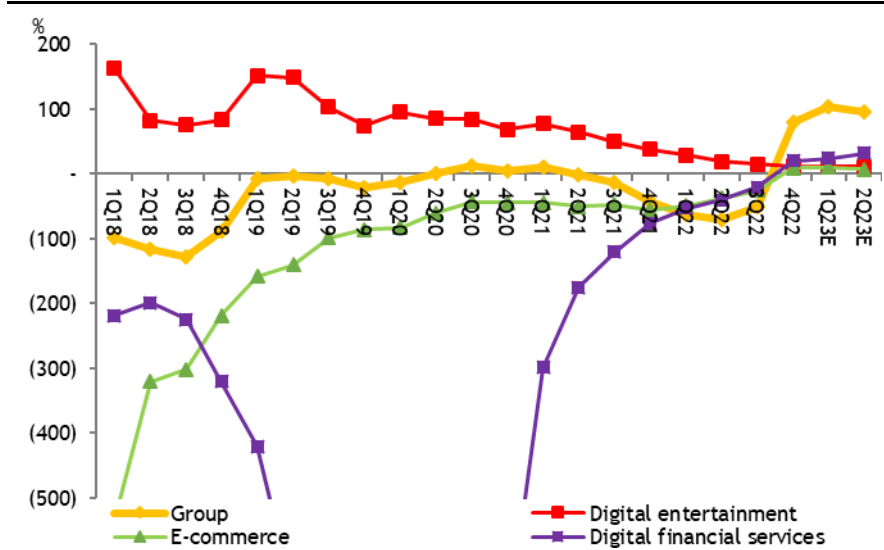
Items (USDm)	2Q23	1Q23	1Q22	YoY	QoQ	FY23E	FY23 vs MIBG FYE	FY23 vs Con. FYE
Digital entertainment bookings	443	485	717	-38%	-8.6%	2,241	41	
E-commerce GAAP revenue	2,100	2,067	1,749	20%	1.6%	8,492	49	
<b>Service revenue</b>								
Digital entertainment (revenue)	529	540	900	-41%	-1.9%	2,722	39	
E-commerce and other services (revenue)	2,322	2,260	1,756	32%	2.8%	9,311	49	
Sales of goods	244	242	287	-15%	0.8%	1,142	43	
<b>Total revenues</b>	<b>3,096</b>	<b>3,041</b>	<b>2,943</b>	<b>5%</b>	<b>1.8%</b>	<b>13,356</b>	<b>46</b>	<b>46</b>
<b>Total costs of revenues</b>	<b>(1,645)</b>	<b>(1,624)</b>	<b>(1,852)</b>	<b>-11%</b>	<b>1.3%</b>	<b>(7,057)</b>	<b>46</b>	<b>46</b>
<b>Gross profit</b>	<b>1,451</b>	<b>1,417</b>	<b>1,090</b>	<b>33%</b>	<b>2.4%</b>	<b>6,299</b>	<b>46</b>	<b>46</b>
<b>Net income/(loss) after minority</b>	<b>331</b>	<b>88</b>	<b>(933)</b>	<b>-135%</b>	<b>274.5%</b>	<b>882</b>	<b>47</b>	<b>45</b>

\*improvement over MIBG and consensus estimates

Source: Company, FactSet for consensus, Maybank IBG Research

Fig 2: Adjusted EBITDA margin

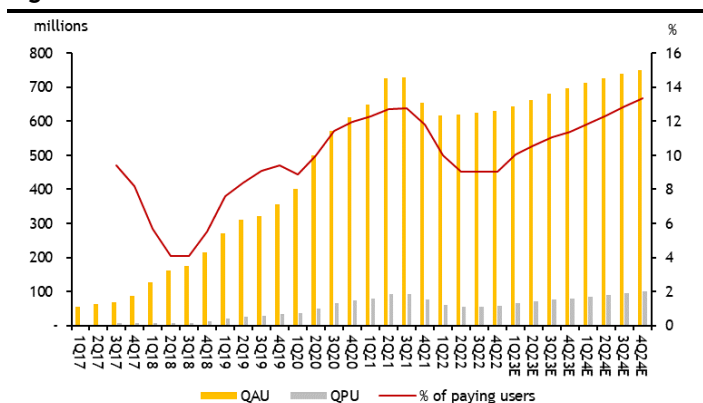
Overall group profitability continues to improve due to better unit economics



Note: Adjusted revenue used as the base

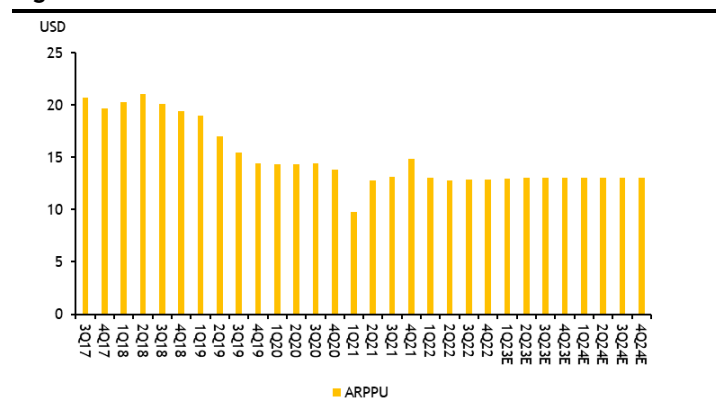
Source: Sea, Maybank IBG Research

Fig 3: Garena user metrics



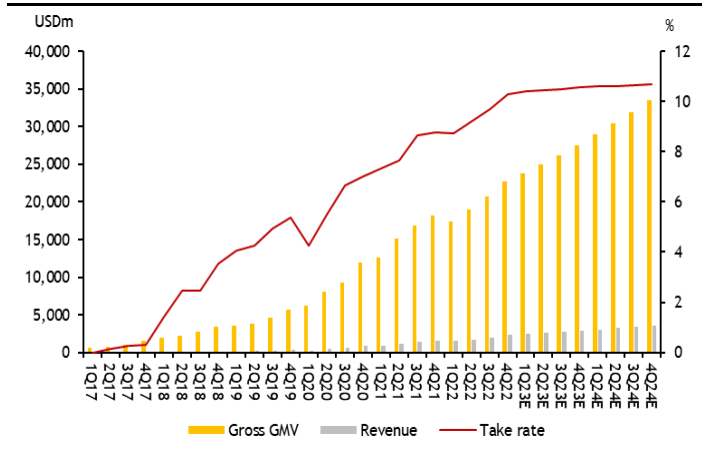
Source: Company, Maybank IBG Research

Fig 4: Garena ARPPU



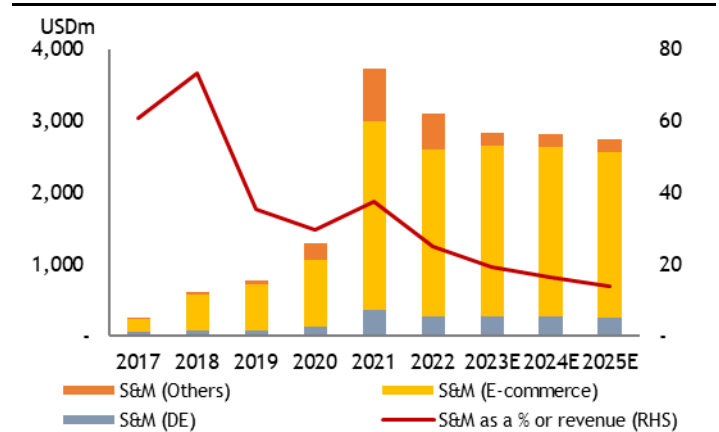
Source: Company, Maybank IBG Research

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

## 2. Forecast revisions and outlook

We expect weaker growth in FY23-25E due to continued weakness for Garena as a result of re-opening/economic slowdown, and slower bottomline growth for Shopee as it ramps up investments in live streaming to capture new growth opportunities. We thus reduce our FY23-FY25E net profit forecasts by 25-34% as we recognise that the revenue line could be negatively impacted by higher investments in its shipping subsidies as this will be recognised as negative revenue. Given the possibility of higher sales and marketing spending to reaccelerate growth of the e-commerce segment, profitability may be affected.

Fig 7: Forecast changes

	FY23E			FY24E			FY25E		
	New	Old	change	New	Old	change	New	Old	change
Bookings (USDm)	2,241	2,525	-11%	2,427	2,658	-9%	2,620	2,854	-8%
e-commerce revenue (USDm)	8,492	9,795	-13%	8,890	11,825	-25%	9,367	13,635	-31%
Total revenue	13,356	14,675	-9%	14,215	17,182	-17%	15,598	19,911	-22%
Gross profit	6,299	7,010	-10%	6,879	7,914	-13%	7,654	9,776	-22%
EBITDA	1,715	2,038	-16%	2,390	2,809	-15%	3,001	3,940	-24%
Net income/(loss) after minority	683	935	-27%	1,041	1,390	-25%	1,495	2,274	-34%

Source: Maybank IBG Research

In view of macro uncertainty, Shopee is focused on nimble execution; market investments will be decided from a bottom-up perspective, taking into account specific market conditions, including user behaviour, competitive landscape and macro conditions. Management adopted a long-term strategy to: 1) lower ecosystem costs to strengthen its longer-term competitive moat and grow a profitable total addressable market; and 2) enhance user experience with better logistics and customer support.

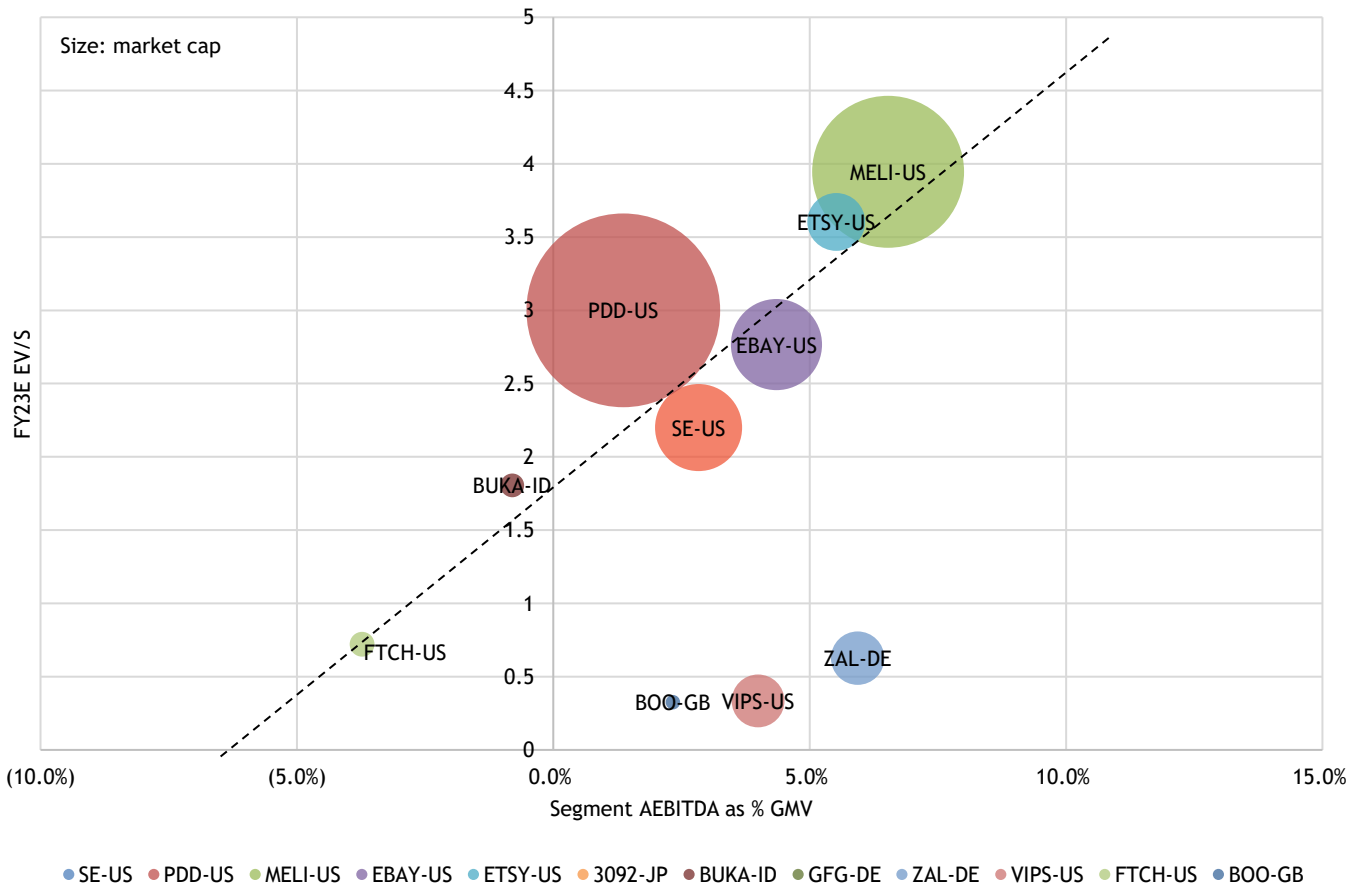
While we see further booking declines from Free Fire due to weaker user trends and reduction in consumer discretionary spending, Sea plans to focus on monetising its core games and promising projects to improve margins this year. Leveraging its ecosystem synergies, SE plans to continue pushing for healthy development in fintech.

For Sea’s Digital Financial Services (DFS), we think Sea will 1) remain focused on building a wider user base, 2) find ways to diversify its sources of funding for its credit business as the group still funds the bulk of SeaMoney’s loan book using its balance sheet, and 3) deepening the penetration of its consumer credit products.

### 3. Maintain BUY with lower SOTP-based TP of USD80

We continue to like Sea for its longer-term potential given its strong leadership in e-commerce (Shopee) in ASEAN and as SeaMoney continues to increase its fintech offerings and enhances operational capabilities. 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 once it achieves self-sufficiency. Maintain BUY with a lower SOTP-based TP of USD80.

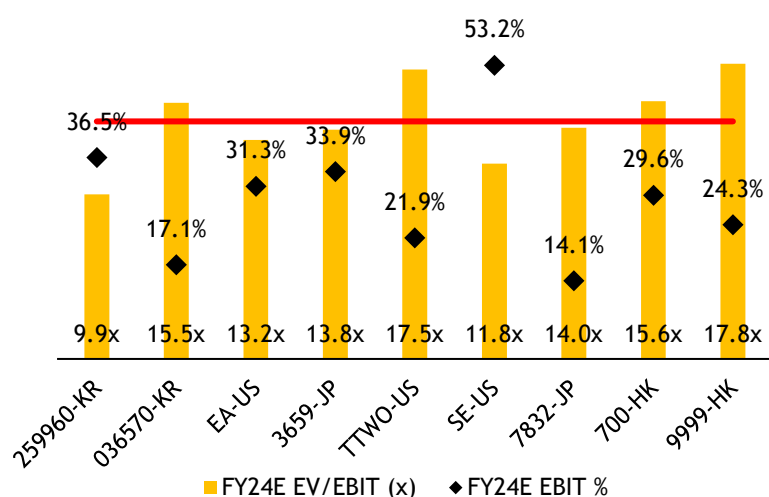
**Fig 8: FY23E EV/S and e-commerce AEBITDA as % of GMV of various e-commerce players**  
 Reducing EV/S to 2.2x from 3.4x for Shopee, justified by line of best fit, conservative by removing premium for size



Source: Company, FactSet, Bloomberg, Maybank IBG Research

- e-commerce:** We lower our FY24E EV/S to 2.2x from 3.4x, based on our analysis in Fig 8, as we think it’s the most appropriate to account for Shopee’s profitability being below industry peers (MELI, BABA and PDD).

Fig 9: Adjusted EBITDA margin



Note: As of 16 Aug 2023

Source: FactSet, Maybank IBG Research

- Digital Entertainment:** We continue to apply a target 11.8x FY24E EV/EBIT to the DE segment, a 15% discount to global peers of 13.4x on average due to Sea's single-game concentration risk with Free Fire.

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 EV/EBIT) due to single-game concentration risk with Free Fire
E-commerce	EV/Sales	2.2	FY24E Revenue	8,890	19,558	Based on cluster analysis
Digital financial services	EV/TPV	0.1	FY24E TPV	62,955	6,295	
			Net cash (USDm)		4,985	4Q22 balance sheet. Includes short-term investments
			Equity value (USDm)		50,721	
			Number of shares (m)		631	
			Value per share (USD)		80	

Source: Maybank IBG Research

Downside risks include: 1) weaker-than-expected consumer spending in the region amid macro uncertainty, hurting Shopee's GMV growth; 2) higher-than-expected credit costs for SeaMoney due to a slowdown in economic growth; and 3) market expectations that policy rates may increase further, 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	FY23	FY24	FY23	FY24
Sea	SE-US	BUY	80.0	40.6	21,152	1.6	1.4	21.4	14.7	0.28	0.26
<b>Digital Entertainment</b>											
Tencent	700-HK	NR	-	332.6	406,266	5.2	4.6	17.7	15.7		
Netease	9999-HK	NR	-	162.3	68,127	4.8	4.4	20.0	18.0		
<b>Electronic</b>											
Arts	EA-US	NR	-	121.4	32,894	4.4	4.1	15.8	13.1		
Nexon	3659-JP	NR	-	2740.5	16,126	5.0	4.6	15.5	13.6		
Take Two											
Interactive	TTWO-US	NR	-	139.5	23,693	3.5	3.2	nm	17.2		
Bandai											
Namco	7832-JP	NR	-	3412.0	15,655	2.1	2.0	15.7	14.1		
Krafton	259960-KR	NR	-	161500.0	5,869	3.9	3.6	10.5	10.0		
NCSOFT	036570-KR	NR	-	262500.0	4,330	3.2	2.6	29.7	15.5		
Netmarble	251270-KR	NR	-	46550.0	3,007	2.3	2.0	nm	nm		
						<b>3.8</b>	<b>3.5</b>	<b>17.8</b>	<b>14.6</b>		
<b>Marketplace (3P) e-commerce</b>											
Alibaba	BABA-US	NR	-	91.6	1,866,076	14.3	13.2	nm	nm	1.65	1.60
Pinduoduo	PDD-US	NR	-	78.8	104,746	4.0	3.3	17.8	13.4	0.19	0.16
MercadoLibre	MELI-US	NR	-	1286.0	64,421	4.8	3.9	36.1	27.9	1.61	1.40
eBay	EBAY-US	NR	-	43.6	23,191	2.9	2.8	10.5	10.0	0.40	0.39
Etsy	ETSY-US	NR	-	75.9	9,332	3.9	3.6	36.4	23.7	nm	nm
Rakuten	4755-JP	NR	-	574.0	8,456	0.6	0.5	nm	nm	nm	nm
ZOZO	3092-JP	NR	-	2709.5	5,817	4.1	3.8	13.5	12.6	1.41	1.30
Allegroeu	ALE-PL	NR	-	35.0	9,029	3.9	3.4	30.7	21.2	0.73	0.63
Bukalapak	BUKA-ID	NR	-	234.0	1,572	2.2	1.8	nm	nm	nm	nm
Global											
Fashion	GFG-DE	NR	-	0.4	96	0.1	0.1	nm	nm	nm	nm
Group											
<b>Mean</b>						<b>4.1</b>	<b>3.7</b>	<b>24.2</b>	<b>18.1</b>	<b>1.0</b>	<b>0.9</b>
<b>B2C (1P) e-commerce</b>											
Amazon	AMZN-US	NR	-	137.7	1,412,543	2.7	2.4	nm	38.0	2.00	1.75
JD.com	JD-US	NR	-	36.0	98,249	0.7	0.6	27.9	22.3	0.21	0.20
Coupang	CPNG-US	NR	-	18.9	30,457	1.2	1.1	nm	26.0	nm	nm
Ocado	OCDO-GB	NR	-	8.0	8,430	2.7	2.5	nm	nm	nm	nm
Zalando	ZAL-DE	NR	-	27.6	7,963	0.7	0.6	28.6	17.0	0.46	0.42
Vipshop	VIPS-US	NR	-	16.1	7,788	0.4	0.3	5.1	4.9	0.21	0.19
Farfetch	FTCH-US	NR	-	4.9	1,717	0.9	0.7	nm	nm	0.52	0.35
Baozun	BZUN-US	NR	-	4.1	672	0.8	0.7	nm	27.6	0.09	0.08
Asos	ASC-GB	NR	-	4.0	606	0.3	0.3	nm	18.8	nm	nm
PCHome	8044-TW	NR	-	40.9	181	0.3	0.3	nm	nm	nm	nm
Boohoo	BOO-GB	NR	-	0.4	585	0.3	0.3	nm	nm	nm	nm
<b>Mean</b>						<b>1.0</b>	<b>0.9</b>	<b>20.5</b>	<b>22.1</b>	<b>0.6</b>	<b>0.5</b>
<b>Financial services</b>											
Visa	V-US	NR	-	239.8	386,075	11.6	10.5	17.1	15.3	0.03	0.02
Mastercard	MA-US	NR	-	394.5	368,751	15.0	13.2	25.8	22.3	0.06	0.05
PayPal	PYPL-US	NR	-	59.5	65,300	2.4	2.2	10.7	9.5	0.05	0.04
Square	SQ-US	NR	-	58.4	32,065	1.5	1.3	nm	252.4	0.14	0.12
<b>Mean</b>						<b>7.6</b>	<b>6.8</b>	<b>17.9</b>	<b>74.9</b>	<b>0.07</b>	<b>0.06</b>

Note: As of 16 Aug 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	33.6	22.4	16.0
Core P/E (x)	nm	nm	33.6	22.4	16.0
Core FD P/E (x)	nm	nm	34.7	22.8	15.9
P/BV (x)	16.9	5.1	3.2	2.6	2.0
P/NTA (x)	16.9	5.1	3.0	2.5	1.9
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
FCF yield (%)	nm	nm	5.0	8.1	11.1
EV/EBITDA (x)	nm	nm	10.8	6.7	3.8
EV/EBIT (x)	nm	nm	16.6	9.9	5.5

**INCOME STATEMENT (USD m)**

Revenue	9,955.2	12,449.0	13,355.9	14,214.6	15,598.3
EBITDA	(1,304.0)	(996.6)	1,714.6	2,390.0	3,001.3
Depreciation	(279.0)	(490.9)	(601.5)	(765.7)	(908.4)
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	(1,583.1)	(1,487.5)	1,113.1	1,624.3	2,092.9
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)	(120.0)	(227.0)	(220.0)
Pretax profit	(1,710.4)	(1,489.4)	931.5	1,335.5	1,839.0
Income tax	(332.9)	(362.9)	(254.8)	(300.0)	(350.0)
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)	682.8	1,041.5	1,495.0
Core net profit	(2,047.0)	(1,651.8)	682.8	1,041.5	1,495.0

**BALANCE SHEET (USD m)**

Cash & Short Term Investments	10,799.4	7,579.4	9,092.4	10,916.7	13,519.2
Accounts receivable	388.3	268.8	365.9	389.4	470.1
Inventory	117.5	109.7	107.4	108.3	110.9
Property, Plant & Equip (net)	1,030.0	1,387.9	2,130.1	2,374.4	2,416.9
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	7,243.2	7,252.9	7,374.7
<b>Total assets</b>	<b>18,756.0</b>	<b>17,002.8</b>	<b>19,021.5</b>	<b>21,139.2</b>	<b>24,004.3</b>
ST interest bearing debt	100.0	88.4	88.4	88.4	88.4
Accounts payable	213.6	258.6	221.3	227.7	244.4
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	7,459.0	8,631.0	10,636.0
<b>Total Liabilities</b>	<b>11,331.6</b>	<b>11,192.0</b>	<b>11,307.6</b>	<b>11,517.2</b>	<b>10,968.4</b>
Shareholders Equity	7,398.7	5,715.7	7,128.7	9,042.9	12,462.8
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>7,217.8</b>	<b>9,126.0</b>	<b>12,539.9</b>
<b>Total liabilities and equity</b>	<b>18,756.0</b>	<b>17,002.8</b>	<b>19,021.5</b>	<b>21,139.2</b>	<b>24,004.3</b>

**CASH FLOW (USD m)**

Pretax profit	(1,710.4)	(1,489.4)	931.5	1,335.5	1,839.0
Depreciation & amortisation	279.0	490.9	601.5	765.7	908.4
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)	61.2	171.2	234.0
Cash taxes paid	0.0	0.0	0.0	0.0	0.0
Other operating cash flow	363.8	477.7	625.8	609.3	605.6
Cash flow from operations	208.6	(1,827.0)	2,220.1	2,881.8	3,587.1
Capex	(722.2)	(1,094.1)	(1,068.5)	(995.0)	(935.9)
Free cash flow	(513.5)	(2,921.0)	1,151.6	1,886.7	2,651.2
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)	86.1	(135.6)	(112.0)
Effect of exch rate changes	0.0	0.0	0.0	0.0	0.0
<b>Net cash flow</b>	<b>6,723.3</b>	<b>(5,637.5)</b>	<b>1,237.7</b>	<b>1,751.2</b>	<b>2,539.2</b>

FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	127.5	25.1	7.3	6.4	9.7
EBITDA growth	nm	nm	nm	39.4	25.6
EBIT growth	nm	nm	nm	45.9	28.8
Pretax growth	nm	nm	nm	43.4	37.7
Reported net profit growth	nm	nm	nm	52.5	43.5
Core net profit growth	nm	nm	nm	52.5	43.5
<b>Profitability ratios (%)</b>					
EBITDA margin	nm	nm	12.8	16.8	19.2
EBIT margin	nm	nm	8.3	11.4	13.4
Pretax profit margin	nm	nm	7.0	9.4	11.8
Payout ratio	0.0	0.0	0.0	0.0	0.0
<b>DuPont analysis</b>					
Net profit margin (%)	nm	nm	5.1	7.3	9.6
Revenue/Assets (x)	0.5	0.7	0.7	0.7	0.6
Assets/Equity (x)	2.5	3.0	2.7	2.3	1.9
ROAE (%)	na	na	na	na	na
ROAA (%)	(14.0)	(9.2)	3.8	5.2	6.6
<b>Liquidity &amp; Efficiency</b>					
Cash conversion cycle	9.0	3.4	1.8	3.8	4.2
Days receivable outstanding	13.6	9.5	8.6	9.6	9.9
Days inventory outstanding	5.4	5.6	5.5	5.3	5.0
Days payables outstanding	10.0	11.7	12.2	11.0	10.7
Dividend cover (x)	nm	nm	nm	nm	nm
Current ratio (x)	2.1	1.8	2.0	2.0	1.9
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	1.7	1.5	1.7	1.8	2.2
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Net gearing (%) (excl. perps)	net cash	net cash	net cash	net cash	net cash
Net interest cover (x)	na	21.2	15.3	22.3	46.4
Debt/EBITDA (x)	nm	nm	2.1	1.1	0.0
Capex/revenue (%)	7.3	8.8	8.0	7.0	6.0
Net debt/ (net cash)	(7,223.7)	(4,152.3)	(5,465.2)	(8,258.5)	(13,430.8)

Source: Company; Maybank IBG Research

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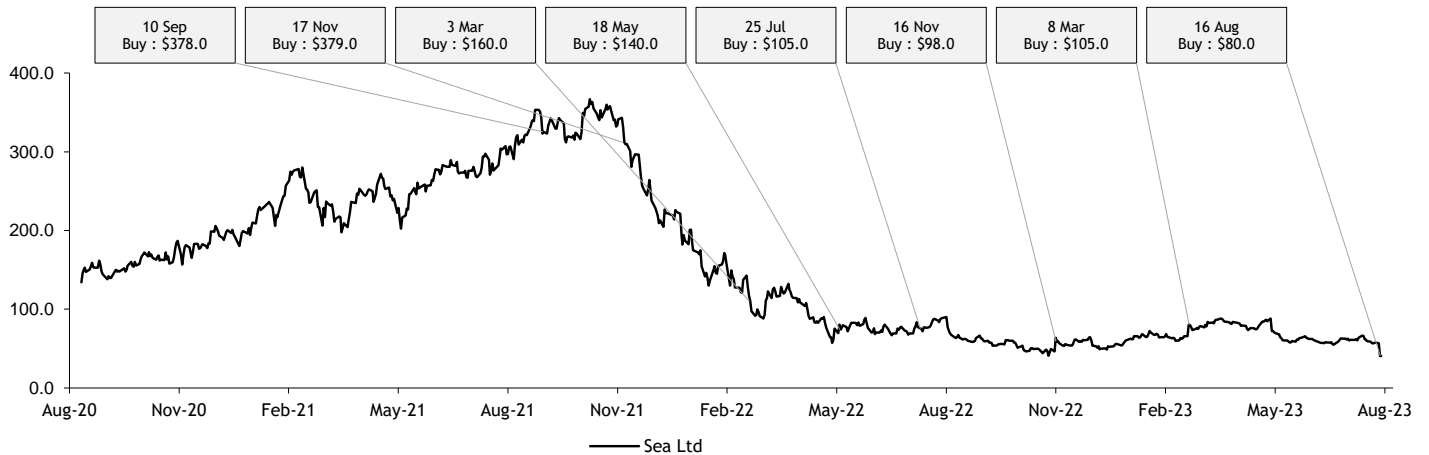
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