

# Sea Ltd (SE US)

## Firing on multiple cylinders

### Re-initiate at BUY, TP of USD90

We re-initiate coverage of Sea with BUY and SOTP-based TP of USD90. We see SE entering the 'post post-Covid phase' from a position of strength (multiple competitive moats, scale advantage and financial muscle) to tap the 15% CAGR in the ASEAN e-commerce and fintech space. Its gaming business has stabilized and we find management efforts to make Free Fire an evergreen franchise as credible. We estimate Sea's revenues to expand at 16% CAGR over FY23-26E, while a healthy mix of scale benefits and steady monetization improvement drive our 24% EBITDA CAGR expectations. Trading at 0.4x EV/GMV and 3x EV/sales for FY24E, valuations are at 25-30% discount to MELI.

### E-commerce: growth tailwinds and multiple moats

We see a confluence of factors to drive 15% GMV in ASEAN: i) a healthy 8% growth in ASEAN retail sales while e-commerce penetration is just half of the US and China's; ii) rational competition; and iii) limited risk of disruptive entrants. On top, Shopee's scale, logistics and live streaming competitive moat place it in a position of strength to maintain its leading market share. Our consumer survey reflects Shoppe is favourite and cheapest even in Indonesia where TikTok Shop had led an aggressive growth strategy till last year. >50% of GMV is supported by its own logistics, which allows for superior unit economics and customer experience (short delivery time, return policy). Case studies suggest that having their own logistics had been the key source of differentiator for players like Amazon and Mercado Libre. We estimate Sea's GMV to expand at 15% CAGR over 2023-26E.

### Free Fire: A credible ever-greening strategy

Post post-Covid reset, Garena revenues have turned the corner with 3 straight quarters of improvements. While lacking new games pipeline, management's strategy is to elongate Free Fire's life by de-emphasizing monetization, improve engagement/retention and grow the new user base. We find management's strategy to be credible and see potential for a sustained Free Fire franchise given: i) its dominant position in the less crowded EM markets; ii) budget-conscious EM gamers; and iii) frequent new content & feature upgrades. We estimate Garena bookings to grow 12% in 2024E and by 2% CAGR over 2024-26E with stable margins.

### Take-rates: Slow but a more emphatic improvement

ASEAN market seller take-rates at ~5-7% is 30-50% below other markets (ex-China). This creates room for improvement, although we note that the near-term focus remains on deepening penetration and boosting GMV growth. We estimate take-rates to rise by 80bps in 2024-25E. However, we see room for S&M intensity to fall in light of improving competition and rolling back of elevated live streaming spending.

FYE Dec (USD m)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue	12,450	13,064	15,563	17,565	19,500
EBITDA	(704)	783	1,024	1,835	2,417
Core net profit	(1,296)	269	669	1,438	1,998
Core FDEPS (cts)	(227.7)	45.6	113.6	244.3	339.5
Core FDEPS growth(%)	nm	nm	149.0	115.0	39.0
Net DPS (cts)	0.0	0.0	0.0	0.0	0.0
Core FD P/E (x)	nm	88.8	65.5	30.5	21.9
P/BV (x)	5.1	3.5	5.5	4.5	3.6
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
ROAA (%)	(7.3)	1.5	3.4	6.7	8.4
EV/EBITDA (x)	nm	29.6	41.5	22.7	16.6
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash

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# BUY

Share Price USD 74.42  
12m Price Target USD 90.00 (+21%)

### Company Description

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

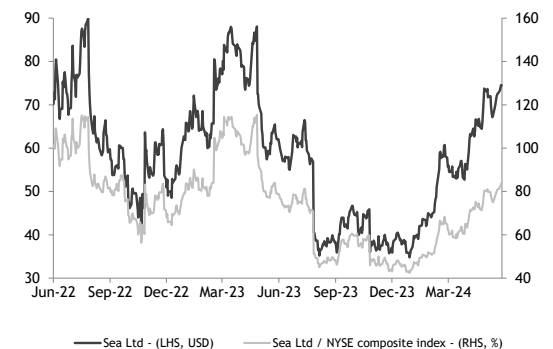
### Statistics

52w high/low (USD)	74.56/34.82
3m avg turnover (USDm)	66.6
Free float (%)	100.0
Issued shares (m)	564
Market capitalisation	USD41.9B
	USD41.9B

### Major shareholders:

Tencent	18.6%
Li Xiaodong	17.1%
Gang Ye	6.1%

### Price Performance



	-1M	-3M	-12M
Absolute (%)	12	23	17
Relative to index (%)	15	23	3

Source: FactSet

### Link to sector note:

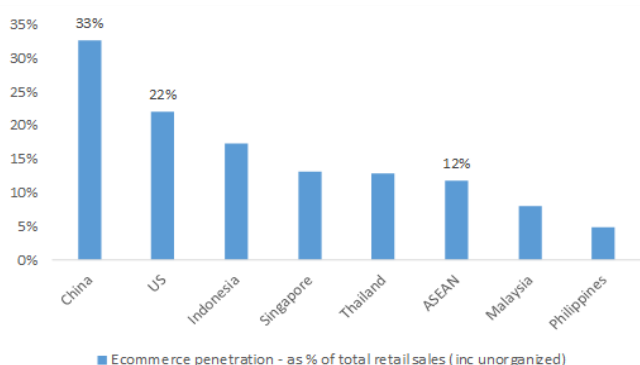
[ASEAN Internet - Firm growth, but not without resistance | POSITIVE \\*\\*INITIATION\\*\\*](#)

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. It has dominant E-commerce market share in ASEAN and Taiwan
- Sea is a beneficiary of digitisation in the under penetrated (2-3x below evolved markets) ASEAN e-Commerce space. We estimate ASEAN GMV to grow at a 15% CAGR over 2030E.
- Own logistics & strong balance sheet remains key competitive moat. Risk of TikTok disruption is abetting while cross border platforms have unfavourable unit economics in ASEAN
- Although Sea's gaming business is highly dependent on Free Fire, we see it is a defensive franchise with its position in less crowded and budget conscious EM markets.

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

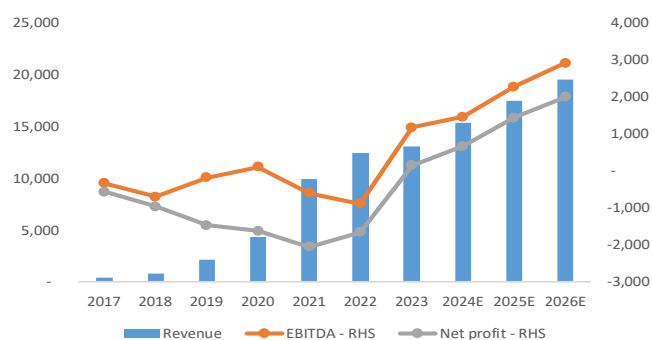


Source: Euromonitor

## Financial Metrics

- We forecast FY23-26E revenue CAGR of 14%, mainly driven by e-commerce and digital financial services.
- Adj EBITDA is expected to grow at 35% CAGR helped by E-commerce business and digital financial services while expect gaming adj EBITDA for FY25-26 to grow at low single digit
- Expect company to turn FCF positive in FY24E
- Cash balance as of 1Q24 stand at USD8.6be.

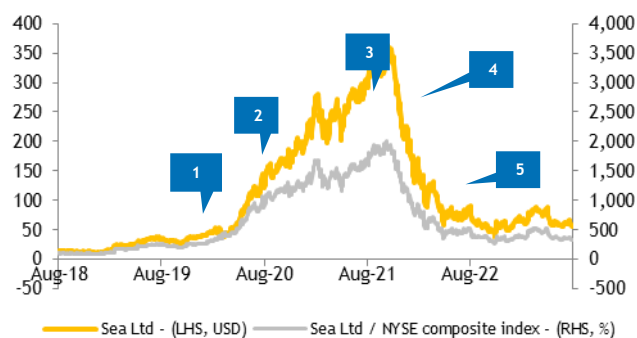
### Revenue, EBITDA and net profit projections (USD m)



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 topline growth as Shopee could potentially capture more market share, especially with key peer GoTo looking to rapidly scale its business towards profitability.

### Downside

- Weaker-than-expected consumer spending in the region amid macro uncertainties hurting Shopee's GMV growth.
- Slowing user growth metrics, especially if this is due to increasing competition across Sea's offerings.
- Higher-than-expected credit costs for SeaMoney due to a slowdown in economic growth.
- New entrants which could intensify competition in the Southeast Asia e-commerce industry.

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Risk Rating & Score <sup>1</sup>	3.0
Score Momentum <sup>2</sup>	-0.0
Last Updated	14 June 2024
Controversy Score <sup>3</sup> (Updated: 14 June 2024)	0 - No reports

## 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 TikTok). 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, 44% 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 committed more than USD35m worth of COVID-19 Seller Support Packages across their markets, and provided donations of more than USD510,000.

### Key G metrics and issues

- The board has 10 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.

<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).

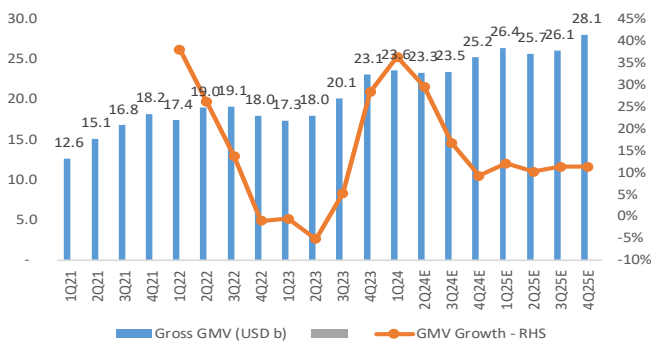


# 1. Firing on multiple cylinders - reinitiate at BUY, TP of USD90

## Key driver growth assumptions

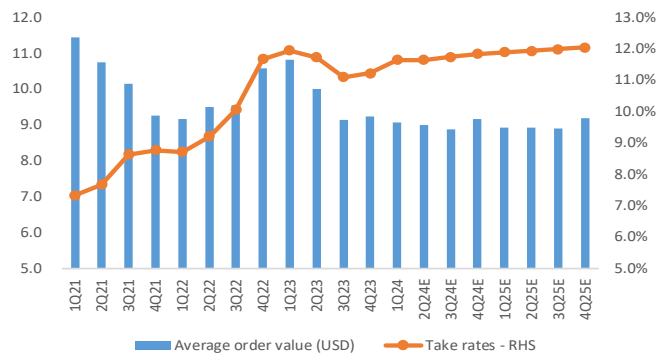
**e-commerce.** We expect e-commerce GMV to expand at 15% CAGR in 2023-26E, mainly on the back of rising orders, while expect average order value (AOV) to slightly trend downwards. We expect e-commerce take-rate to improve to 12.3% by 2026E from 11.6% in 1Q24. Seller take-rates in ASEAN are still on the lower side compared to US, Latin America and India e-commerce platforms and as such creates room for further improvement. In 2Q24, we expect e-commerce GMV to decline by 7% QoQ owing to high 1Q24 seasonality. Our GMV expectations are 3% below Bloomberg consensus.

**Fig 1: e-commerce GMV and GMV growth trajectory**



Source: Company, Maybank IBG Research

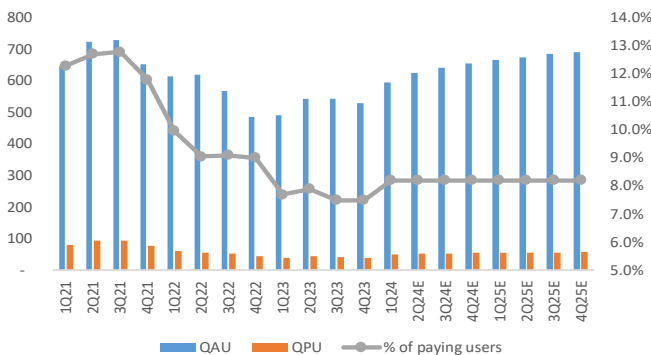
**Fig 2: e-commerce AOV and take-rate trajectory**



Source: Company, Maybank IBG Research

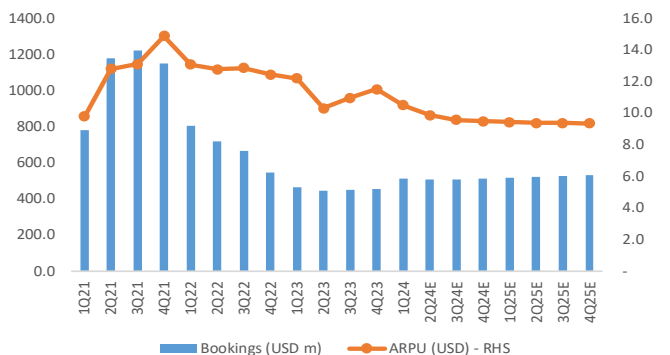
**Digital entertainment.** We expect digital entertainment QAU to improve at 10% CAGR over 2023-26E. This is factoring in the company’s strategy to grow engagement/retention while being slow on monetization in a bid to make Free Fire an evergreen franchise. We expect the % of paying users to remain stable at 8.2%, similar to 1Q24 levels. Given Garena is de-emphasising monetization, we expect ARPU’s to be on a slightly downward trend. As such, we expect digital entertainment bookings to post 12% growth in 2024E owing to the low-base effect of last year. We expect 2-3% bookings growth over 2025-26E.

**Fig 3: Digital entertainment QAU and QPU**



Source: Company, Maybank IBG Research

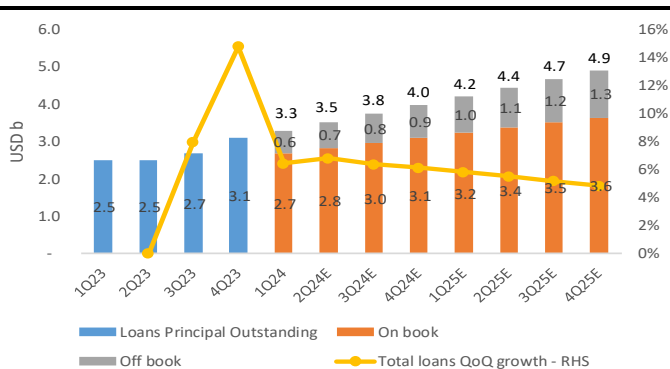
**Fig 4: Digital entertainment bookings and ARPU**



Source: Company, Maybank IBG Research

**Financial services.** Besides payments, Sea’s e-commerce ecosystem had been the bigger driver of Digital Financial Services (DFS) growth in recent years serving Shopee users and merchants. Its credit business, such as *Buy Now Pay Later (BNPL)* is currently the primary driver of SeaMoney’s revenue and profit growth benefitting from Shopee’s transaction volume and user base. In the recent quarters, management has increased investments to penetrate into non-Shopee users, tapping off-Shopee/offline transactions in various markets. SeaMoney is seeing strong growth in off-Shopee loans, which include buy cash loans and pay-later-consumption loans. We expect the loan book to expand at 26% CAGR over 2023-25E with a bigger growth helped by off-Shopee loans (61% CAGR).

**Fig 5: Sea’s loan book growth outlook**

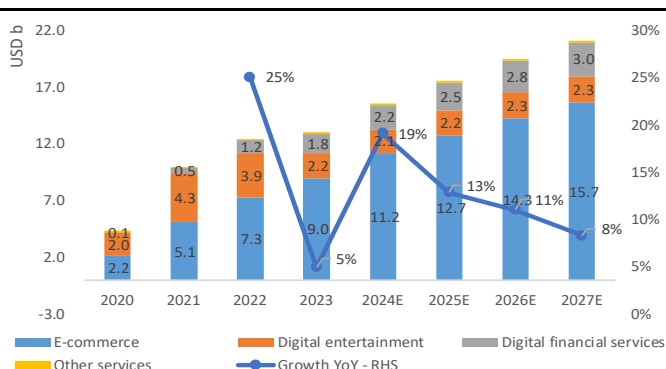


Source: Company, Maybank IBG Research

**Group revenue growth assumptions.** We expect e-commerce GMV to grow at 15% CAGR of over 2023-26E. We expect GAAP revenue to see a CAGR of 14%, mainly helped by 17% CAGR in e-commerce and DFS services. We expect digital entertainment GAAP revenue to expand at a CAGR of 2% over 2023-26E.

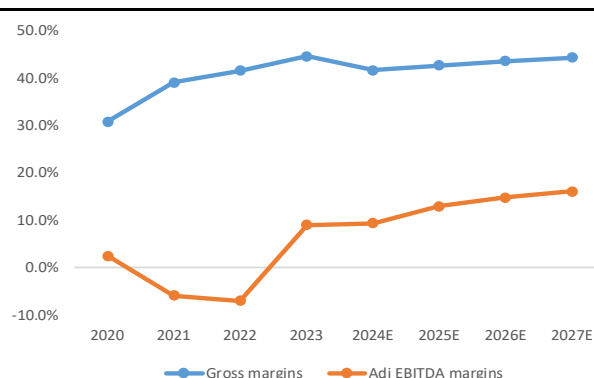
**Profitability and opex.** We expect sales & marketing and R&D expenses to normalize on the back of operating leverage, a slowdown in live streaming spending and a lower gaming business R&D budget. We expect an upward moving margins trajectory.

**Fig 6: Segmental revenue growth trajectory**



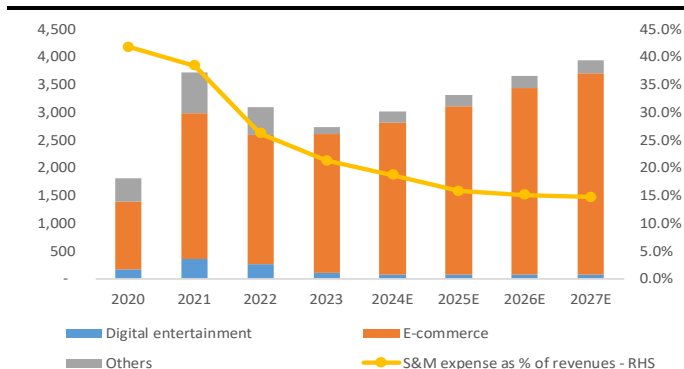
Source: Company, Maybank IBG Research

**Fig 7: Gross and adjusted EBITDA margin profile**



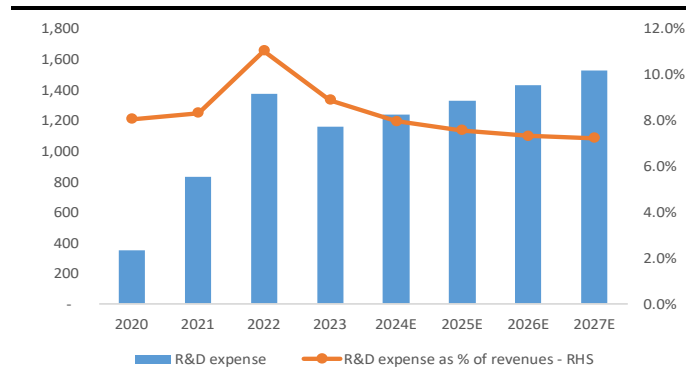
Source: Company, Maybank IBG Research

Fig 8: Sales and marketing expenses (USD m)



Source: Company, Maybank IBG Research

Fig 9: R&amp;D expenses (USD m)



Source: Company, Maybank IBG Research

Fig 10: Sea - key assumptions

Drivers	2020	2021	2022	2023	2024E	2025E	2026E	2027E
<b>E-commerce</b>								
Gross GMV (USDm)	35,533	62,659	73,500	78,500	94,146	105,724	117,864	128,996
% growth		76%	17%	7%	20%	12%	11%	9%
Orders (m)		6,120	7,600	8,100	10,420	11,748	12,923	14,151
AOV (USD)		10.2	9.7	9.7	9.0	9.0	9.1	9.1
Take rate (%)	6.1%	8.2%	9.9%	11.5%	11.7%	12.0%	12.1%	12.3%
Revenue (USD m)	2,167	5,123	7,289	9,001	11,035	12,655	14,312	15,922
<b>Digital Entertainment</b>								
Bookings (USD m)	3,186	4,331	2,728	1,810	2,033	2,092	2,143	2,175
Revenue GAAP (USD m)	2,016	4,320	3,877	2,172	2,082	2,231	2,295	2,341
Qtrly active users (QAU) - m	611	654	486	529	656	693	710	724
% change in QAU		7%	-26%	9%	24%	6%	2%	2%
Qtrly paying users (QPU) - m	73	77	44	40	54	57	58	59
QPU as a % of QAU	12%	12%	9%	8%	8%	8%	8%	8%
Booking per QAU (USD)	5.2	6.6	5.6	3.4	3.1	3.0	3.0	3.0
Revenue per QPU (USD)	43.6	56.1	62.4	45.6	37.8	36.8	36.8	36.6
<b>Digital financial services</b>								
On book (USD b)					3.1	3.6	4.2	4.6
QoQ growth						-3%	0%	-1%
Off book (USD b)					0.9	1.3	1.6	2.0
QoQ growth						44%	28%	24%
Loans Principal Outstanding (USD b)				3.1	4.0	4.9	5.8	6.6
QoQ growth					28%	23%	18%	14%
Revenue (USDm)	61	470	1,222	1,759	2,158	2,477	2,798	2,968
<b>Adjusted EBITDA</b>								
E-commerce	-1,295	-2,554	-1,691	-214	57	743	1,389	2,118
Digital entertainment	1,983	2,776	1,135	921	1,024	1,092	1,109	1,115
Digital financial services	-532	-617	-229	550	639	749	870	922
<b>Other P&amp;L items as a % of revenue</b>								
Sales and marketing expenses	41.8%	38.5%	26.3%	21.3%	18.7%	15.8%	15.1%	14.7%
General and admin expenses	15.0%	11.1%	12.2%	8.7%	8.2%	8.2%	8.2%	7.8%
R&D expenses	8.1%	8.4%	11.1%	8.9%	8.0%	7.6%	7.4%	7.3%

Source: Company, Maybank IBG Research



Fig 11: Sea Ltd P&amp;L

USD m	2020	2021	2022	2023	2024E	2025E	2026E	2027E
<b>Service revenue</b>								
Digital entertainment	2,016	4,320	3,877	2,172	2,082	2,231	2,295	2,341
E-commerce and other services	1,777	4,565	7,463	9,770	11,923	13,666	15,479	17,108
Sales of goods	582	1,071	1,109	1,121	1,386	1,599	1,782	1,951
Total revenues	4,376	9,955	12,450	13,064	15,391	17,496	19,556	21,399
				10,892			17,261	
<b>Cost of service</b>								
Digital entertainment	-702	-1,230	-1,077	-672	-709	-760	-781	-797
E-commerce and other services	-1,744	-3,826	-5,194	-5,530	-6,932	-7,735	-8,535	-9,262
Cost of goods sold	-581	-1,004	-993	-1,027	-1,316	-1,517	-1,691	-1,851
Total costs of revenues	13.3%	10.1%	8.0%	7.9%	8.5%	8.7%	8.6%	8.7%
Gross profit	1,349	3,896	5,185	5,834	6,435	7,484	8,549	9,489
Other operating income	190	288	279	221	181	206	230	252
Sales and market expenses	-1,831	-3,830	-3,269	-2,779	-2,876	-2,772	-2,955	-3,148
General and admin expenses	-657	-1,105	-1,518	-1,135	-1,256	-1,442	-1,601	-1,667
Provision for credit losses	0	0	-433	-634	-664	-748	-826	-895
Research and development expenses	-354	-832	-1,377	-1,164	-1,231	-1,329	-1,438	-1,552
Operating income/(loss)	-1,303	-1,583	-1,488	225	590	1,398	1,960	2,480
D&A	-181	-279	-428	-441	-436	-435	-460	-480
EBITDA	-1,123	-1,304	-1,059	666	1,026	1,833	2,420	2,961
Net Interest income/(expense)	-123	-103	70	290	310	321	332	343
Income/(loss) before income tax	-1,483	-1,710	-1,489	425	935	1,715	2,288	2,820
Income tax expense	-142	-333	-168	-263	-252	-267	-274	-278
Net income/(loss) after minority	-1,618	-2,047	-1,651	151	671	1,436	2,002	2,530

Source: Company, Maybank IBG Research

### Maybank vs Street estimates

Our estimates are slightly on the higher side vs Street.

Fig 12: Maybank vs Street estimates

USD m	Maybank			Street			% var		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenues	15,391	17,496	19,556	15,265	17,416	19,508	1%	0%	0%
Adj EBITDA	1,458	2,277	2,914	1,440	2,213	2,962	1%	3%	-2%
NPAT	671	1,436	2,002	718	1,342	1,933	-7%	7%	4%
<b>Ecommerce</b>									
Revenues	11,035	12,655	14,312	11,053	12,717	14,340	0%	0%	0%
Adjusted EBITDA	57	743	1,389	39	733	1,428	47%	1%	-3%
GMV	94,146	105,724	117,864	93,719	105,575	116,529	0%	0%	1%
<b>Digital Entertainment</b>									
Bookings	2,033	2,092	2,143	2,012	2,082	2,127	1%	0%	1%
Revenues	2,082	2,231	2,295	2,044	2,225	2,264	2%	0%	1%
Adjusted EBITDA	1,024	1,092	1,109	1,046	1,067	1,099	-2%	2%	1%
Quarterly active users - m	656	693	710	599	622	635	9%	11%	12%
<b>Digital financial services</b>									
Revenues	2,158	2,477	2,798	2,152	2,460	2,759	0%	1%	1%
Adjusted EBITDA	639	749	870	642	813	945	0%	-8%	-8%

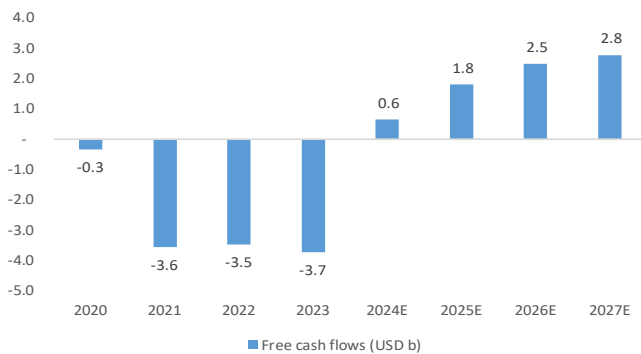
Source: Company, Maybank IBG Research, Bloomberg



### Balance sheet and cash flow

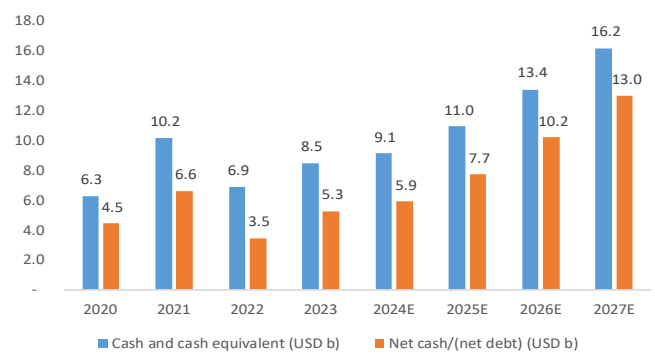
From a balance sheet perspective, we continue to expect Sea to be in a net cash position. We forecast capex to be 3% of revenue from 2024-26E. We expect Sea to turn free cash flow (FCF) positive from 2024E. This implies that we largely expect Shopee to turn FCF positive while SeaMoney investments to be largely funded by Garena/Shopee. As Sea is currently focused on growing its businesses and wishing to keep the flexibility to respond to competition, we expect that there will be no dividend payments throughout our forecast period. That said, we see room for potential capital management initiatives such as share buybacks in the event of heightened stock volatility.

Fig 13: Free cash flow assumptions



Source: Company, Maybank IBG Research

Fig 14: Cash and net cash/(debt) position



Source: Company, Maybank IBG Research

## 2. SOTP-based TP of USD90.0

Our TP of USD90 is based on an SOTP approach.

We value the e-commerce business at 2.7x FY25E EV/sales, which is at a discount to MELI at 4.0x given Shopee's slightly slower GMV growth potential, although room for take-rate improvements remains.

We value the digital entertainment/gaming business using a combination of DCF and EV/EBITDA. For our DCF, we assume the segment runs till 2035 with a continuous -5% to -13% decline in revenues over 2025-35. Given a predominately fixed-cost model, we assume a pass-through of the declining revenues on EBIT at 70%. For our relative valuation, we use an EV/EBITDA multiple of 5x, which is at 20% discount to the global peers.

We value the digital financial services business at 8.5x FY25E EV/EBITDA, which is at a discount to Paypal and Square at 10-14x. We apply a discount as we think the scope of growth within the DFS business is still highly tied to Shopee's ecosystem.

Our TP implies FY25E EV/EBITDA of 20x, which is at a premium to the global average of 12x, which we think is justified given its superior EBITDA growth CAGR of 35%.

Fig 15: Sea SOTP valuation

Business	Multiple	
<b>Ecommerce</b>	<b>EV/Sales</b>	<b>Comments</b>
Target EV/Sales	2.70x	Based on cluster analysis
FY25E Revenue	12,655	
Value of business	34,168	
<b>Digital Entertainment</b>		
Approach #1	DCF	Assume a continuous deterioration in the revenues at the rate of -5% to -13% over
WACC	8.10%	2025-35 with a 60% passthrough of
LT growth	0.00%	deteriorating bookings on EBIT
Value of business	4,855	
Approach #2	EV/EBITDA	
Target EV/EBITDA	5.0x	
FY25E EBITDA	1,092	
Value of business	5,461	
<b>Digital financial services</b>		
	<b>EV/EBITDA</b>	
Target EV/EBITDA	8.5x	
FY25E EBITDA	749	
Value of business	6,367	
Net cash	5,232	1Q24 balance sheet. Includes ST investments
<b>Equity value</b>	<b>50,925</b>	
Number of shares (m)	564	
<b>Value per share (USD)</b>	<b>90</b>	

Source: Company, Maybank IBG Research

### 3. Risks

**Free Fire concentration.** The digital entertainment business is the primary driver of group gross profit. Free Fire contributed a significant portion of the gaming revenues. While the focus is to make Free Fire an evergreen franchise, decline in Free Fire users due to gamer fatigue, regulation or competing game remains a risk. We understand the company is not investing heavily to develop new titles.

**e-commerce competition.** While Sea is a leader in the e-commerce business within each of its Southeast Asia markets, its competitors are backed by deep-pocketed parents while it also sees risk from similarly deep-pocketed new entrants. Temu and Shein's entry into Thailand and Singapore also remains a risk. An escalation in competitive intensity could result in increase in sales and marketing spending by Sea. This poses downside risk to our earnings forecasts and valuation multiple.

**Credit risk in the DFS business.** Fintech business profitability has improved significantly while credit risk remained low at 1.4% of outstanding loans. If credit quality weakens/NPL rises, it could lead to downward revision in our forecasts.

**Regulatory risk.** Sea's businesses are subjected to laws and regulations including game operation, marketing & advertising, privacy, personal information, content restriction and digital financial service regulations. Failure to adhere to regulations may subject Sea to financial penalties or disruptions in business operations, which may in turn materially adversely impact business performance.

FYE 31 Dec	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Key Metrics</b>					
P/E (reported) (x)	nm	121.3	64.3	30.6	22.5
Core P/E (x)	nm	85.8	64.3	30.6	22.5
Core FD P/E (x)	nm	88.8	65.5	30.5	21.9
P/BV (x)	5.1	3.5	5.5	4.5	3.6
P/NTA (x)	5.1	3.5	5.5	4.5	3.6
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
FCF yield (%)	nm	8.0	1.6	4.2	5.6
EV/EBITDA (x)	nm	29.6	41.5	22.7	16.6
EV/EBIT (x)	nm	67.6	72.3	29.8	20.5

**INCOME STATEMENT (USD m)**

Revenue	12,449.7	13,063.6	15,562.9	17,565.1	19,500.3
EBITDA	(704.2)	783.5	1,024.0	1,835.2	2,416.9
Depreciation	(428.3)	(440.8)	(436.7)	(435.3)	(460.8)
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	(1,132.6)	342.7	587.3	1,399.9	1,956.1
Net interest income / (exp)	70.1	290.2	310.1	320.6	331.5
Associates & JV	11.2	(7.0)	(3.5)	(3.5)	(3.5)
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	(83.1)	(82.6)	38.6	0.0	0.0
Pretax profit	(1,134.4)	543.2	932.5	1,717.1	2,284.1
Income tax	(168.4)	(262.7)	(251.7)	(267.3)	(273.7)
Minorities	6.4	(12.0)	(12.0)	(12.0)	(12.0)
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	(1,296.5)	268.6	668.8	1,437.8	1,998.4
Core net profit	(1,296.5)	268.6	668.8	1,437.8	1,998.4

**BALANCE SHEET (USD m)**

Cash & Short Term Investments	7,579.4	4,221.4	4,870.1	6,681.1	9,172.1
Accounts receivable	268.8	262.7	596.9	721.9	801.4
Inventory	109.7	125.4	152.9	174.5	192.7
Property, Plant & Equip (net)	1,387.9	1,207.7	1,252.9	1,359.6	1,498.8
Intangible assets	65.0	50.8	65.8	80.8	95.8
Investment in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other assets	7,592.0	13,015.2	13,284.1	13,450.9	13,618.0
<b>Total assets</b>	<b>17,002.8</b>	<b>18,883.2</b>	<b>20,222.7</b>	<b>22,468.7</b>	<b>25,378.9</b>
ST interest bearing debt	88.4	146.7	146.7	146.7	146.7
Accounts payable	258.6	342.5	274.4	210.3	135.3
LT interest bearing debt	3,338.8	3,069.1	3,069.1	3,069.1	3,069.1
Other liabilities	7,506.0	8,627.0	8,778.0	9,054.0	9,384.0
<b>Total Liabilities</b>	<b>11,192.0</b>	<b>12,185.6</b>	<b>12,268.2</b>	<b>12,479.9</b>	<b>12,735.0</b>
Shareholders Equity	5,715.7	6,593.8	7,838.8	9,861.2	12,504.2
Minority Interest	95.1	103.8	115.7	127.7	139.6
<b>Total shareholder equity</b>	<b>5,810.8</b>	<b>6,697.6</b>	<b>7,954.5</b>	<b>9,988.8</b>	<b>12,643.9</b>
<b>Total liabilities and equity</b>	<b>17,002.8</b>	<b>18,883.2</b>	<b>20,222.7</b>	<b>22,468.7</b>	<b>25,378.9</b>

**CASH FLOW (USD m)**

Pretax profit	(1,134.4)	543.2	932.5	1,717.1	2,284.1
Depreciation & amortisation	428.3	440.8	436.7	435.3	460.8
Adj net interest (income)/exp	0.0	0.0	0.0	0.0	0.0
Change in working capital	(1,275.0)	359.5	(551.6)	(105.1)	(13.3)
Cash taxes paid	0.0	0.0	0.0	0.0	0.0
Other operating cash flow	925.4	736.1	328.0	320.8	374.5
Cash flow from operations	(1,055.7)	2,079.7	1,145.5	2,368.0	3,106.0
Capex	(924.2)	(241.6)	(466.9)	(527.0)	(585.0)
Free cash flow	(1,979.9)	1,838.1	678.7	1,841.0	2,521.0
Dividends paid	0.0	0.0	0.0	0.0	0.0
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	(11.6)	177.6	0.0	0.0	0.0
Other invest/financing cash flow	(2,431.2)	(1,998.8)	(5,337.6)	30.1	28.1
Effect of exch rate changes	0.0	0.0	0.0	0.0	0.0
Net cash flow	(4,422.7)	16.9	(4,658.9)	1,871.1	2,549.1

FYE 31 Dec	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	25.1	4.9	19.1	12.9	11.0
EBITDA growth	nm	nm	30.7	79.2	31.7
EBIT growth	nm	nm	71.4	138.4	39.7
Pretax growth	nm	nm	71.7	84.1	33.0
Reported net profit growth	nm	nm	149.0	115.0	39.0
Core net profit growth	nm	nm	149.0	115.0	39.0
<b>Profitability ratios (%)</b>					
EBITDA margin	nm	6.0	6.6	10.4	12.4
EBIT margin	nm	2.6	3.8	8.0	10.0
Pretax profit margin	nm	4.2	6.0	9.8	11.7
Payout ratio	0.0	0.0	0.0	0.0	0.0
<b>DuPont analysis</b>					
Net profit margin (%)	nm	2.1	4.3	8.2	10.2
Revenue/Assets (x)	0.7	0.7	0.8	0.8	0.8
Assets/Equity (x)	3.0	2.9	2.6	2.3	2.0
ROAE (%)	na	na	na	na	na
ROAA (%)	(7.3)	1.5	3.4	6.7	8.4
<b>Liquidity &amp; Efficiency</b>					
Cash conversion cycle	3.4	(1.8)	3.2	10.7	14.4
Days receivable outstanding	9.5	7.3	9.9	13.5	14.1
Days inventory outstanding	5.6	5.9	5.5	5.9	6.0
Days payables outstanding	11.7	15.0	12.3	8.7	5.7
Dividend cover (x)	nm	nm	nm	nm	nm
Current ratio (x)	1.8	1.4	1.6	1.8	2.1
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	1.5	1.5	1.6	1.8	2.0
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)	16.2	na	na	na	na
Debt/EBITDA (x)	nm	4.1	3.1	1.8	1.3
Capex/revenue (%)	7.4	1.8	3.0	3.0	3.0
Net debt/ (net cash)	(4,152.3)	(1,005.7)	(1,654.3)	(3,465.3)	(5,956.4)

Source: Company; Maybank IBG Research

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