

Sea Ltd (SE US)

Growth takes precedence over margins; Downgrade to HOLD

Take a pause until margin trajectory gains clarity

We lower our 2025-27E earnings for SE by 8-24% on softer margin assumptions across key segments and cut our target price by 28% to USD172. With Shopee pursuing a more growth-oriented strategy amid slight competitive pressures, we expect margin improvement to slow. We forecast Shopee adj. EBITDA-to-GMV margins to decline 20bps in 2H25 (vs. 1H25) and improve by only about 30bps per year in 2026-27. Monee (DFS) margins are likely to fall 170bps over two years due to lower interest yields and higher S&M spend, while Garena margins face pressure from growth investments. Pending clearer visibility on margin trajectories, we downgrade SE to a non-consensus HOLD. Our adj. EBITDA forecasts are 6-7% below consensus.

Margins improvement tempered amid growth push

In Shopee, medium-term EBITDA expansion is constrained as SE voluntarily reinvests monetisation gains to expand the TAM through incentives-efficiencies, and potentially small-scale new market testing, resulting in FY26 margins closer to ~1% versus the street's 1.2-1.3% expectations. We also see a part of monetisation gains are reinvested to fend off competition in Brazil (read) and ASEAN (refer to page 2). Monee margins could moderate to mid-20s (30% in 1H25) due to lower interest yields from geographic mix, first month 0% introductory loans, elevated S&M spend, and mechanical provision ratio effects. Garena margins could normalise to the mid-50s (58% in 1H25), weighed by investments in new game development, IP collaboration fees, and regional e-sports, reflecting deliberate trade-off between growth and medium-term profitability.

3Q25E: Gaming boost; Shopee margin softens

We expect SE's 3Q25 results (due mid November) to deliver solid topline growth, led by Garena's strong content line-up, including Free Fire collaborations with Naruto and Squid Game. Shopee's GMV should grow 26% YoY (6% QoQ), but a 6bps margin decline is likely to drive a 3% drop in adj. EBITDA as management prioritises growth investments. Monee margins are also expected to compress amid higher S&M spending, bigger growth in lower interest rate markets and higher provision ratios. Net income could face temporary pressure from revenue deferrals, with the effective tax rate elevated at 35-40%.

FYE Dec (USD m)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	13,064	16,820	22,071	27,523	33,186
EBITDA	783	1,101	2,363	3,325	4,339
Core net profit	269	444	1,663	2,240	2,929
Core FDEPS (cts)	45.7	72.8	261.3	352.1	460.3
Core FDEPS growth(%)	nm	59.2	259.1	34.7	30.7
Net DPS (cts)	0.0	0.0	0.0	0.0	0.0
Core FD P/E (x)	88.6	nm	60.1	44.6	34.1
P/BV (x)	3.5	7.3	8.6	6.8	5.3
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
ROAE (%)	4.4	5.9	17.4	18.2	18.4
ROAA (%)	1.5	2.1	6.9	8.0	8.8
EV/EBITDA (x)	30.9	57.3	37.7	26.2	19.3
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash

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HOLD

[Prior:BUY]

Share Price USD 157.01
12m Price Target USD 172.00 (+10%)
Previous Price Target USD 238.00

Company Description

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

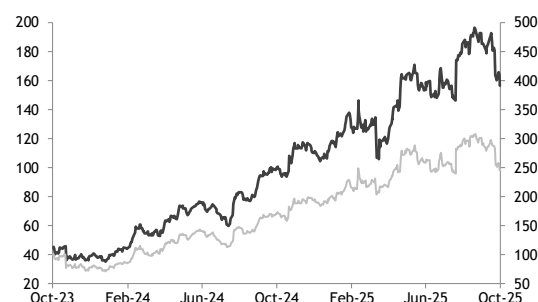
Statistics

52w high/low (USD)	196.50/93.56
3m avg turnover (USDm)	142.5
Free float (%)	98.8
Issued shares (m)	636
Market capitalisation	USD99.9B
	USD99.9B

Major shareholders:

Tencent	18.6%
Li Xiaodong	17.1%
Gang Ye	6.1%

Price Performance



	-1M	-3M	-12M
Absolute (%)	(15)	(1)	58
Relative to index (%)	(15)	(4)	44

Source: FactSet

Abbreviations in this report

TAM - Total addressable market
GMV - gross merchandise value
BNPL - Buy now pay later
S&M - Sales and marketing

Other companies mentioned in this report

MercadoLibre (MELI US, CP: USD2142.05, not rated)
TikTok is unlisted subsidiary of ByteDance (unlisted)

ESG@MAYBANK IBG
Tear Sheet Insert

Shopee. Shopee remains firmly growth-oriented as demonstrated in the past wherein the company sacrificed margins in favour of expanding its ecosystem and reinforcing its market leadership.

While we see monetisation drivers are in place (scale led operating leverage, commission rate increases and rising high-margin ad penetration), we think the adj. EBITDA flow through (leading to margin expansion) will be relatively subdued owing to: 1) TAM expansion through incentives and efficiencies; 2) competitive skirmishes in Brazil and guarding itself in ASEAN; 3) new market testing.

TAM expansion. We think monetization gains on the back of commission rate increases as well as higher ad penetration is partly ploughed back in user acquisition, seller incentives and logistics efficiency. This is reflected in expanding e-commerce reach in rural areas as well as a faster offline to online transition. We expect Shopee's GMV growth for 1H25-27 at a CAGR of 22% (vs. 20% previously). Our Shopee GMV estimates are 1-8% ahead of street estimates for 2025-27.

Competitive skirmishes in Brazil and embedding guard rails to fight competition from new and existing players in ASEAN. Competitive intensity has risen, particularly in Brazil, where Mercado Libre has lowered commission rates and reduced its free-shipping threshold, while Amazon (with <10% market share) has also cut seller commissions – both moves posing incremental pressure on Shopee. Refer to [MELI 2Q25 read-through: slight concerns for Shopee in Brazil](#). In ASEAN, competition remains broadly stable, though TikTok continues to stay aggressive. While Lazada remains a market share donor, Taobao's renewed cross-border push (English and local language version available in multiple markets) presents an emerging risk. Factoring in these competitive dynamics, we believe SE is prudently embedding guardrails within its indicated bear-case margin assumptions.

For 2025, adj EBITDA to GMV margin improvement is still expected on a full-year basis, but the step-up will likely be more muted than consensus forecasts. For 2026/27 we expect EBITDA margins closer to 1.0%/1.3% vs. Street expectations of 1.2%/1.6% – as the company reinvests incremental monetisation gains into growth initiatives and defending competitive skirmishes. Our Shopee adj. EBITDA estimates are 11-18% below street.

Fig 1: Our Shopee revision summary

Segmental (USD m)	New			Old			% change		
	2025E	2026E	2027E	2025E	2026E	2027E	2025F	2026F	2027F
Ecommerce									
GMV	125,608	151,438	181,029	125,037	148,897	175,610	0.46%	1.71%	3.09%
Revenues	15,904	19,770	24,085	15,831	19,512	23,540	0%	1%	2%
Take rate (GAAP)	12.7%	13.1%	13.3%	12.7%	13.1%	13.4%			
Adjusted EBITDA	913	1,488	2,314	1,068	1,765	2,750	-15%	-16%	-16%
Adj EBITDA/GMV	0.7%	1.0%	1.3%	0.9%	1.2%	1.6%			

Source: Maybank IBG Research

Fig 2: Shopee - Maybank vs. street estimates

USD m	MIBG			Street			% var		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Ecommerce									
GMV	125,608	151,438	181,029	123,811	146,184	168,230	1%	4%	8%
Revenues	15,904	19,770	24,085	15,680	19,019	21,910	1%	4%	10%
Adjusted EBITDA	913	1,488	2,314	1,025	1,820	2,755	-11%	-18%	-16%
Adj EBITDA/GMV	0.7%	1.0%	1.3%	0.8%	1.2%	1.6%			

Source: Maybank IBG Research, Bloomberg

Monee. We think the Monee business remains firmly growth-oriented, with loan expansion expected to stay robust at >50% YoY, underpinned by healthy credit metrics and expanding penetration beyond the Shopee ecosystem. However, margins are likely to moderate toward the mid-20s as a result of several factors – lower interest yields driven by geographic mix and 0% first month introductory loans, higher sales and marketing spend to scale offline merchant adoption, and a mechanical increase in provision ratios as yields decline. These trends reflect management's deliberate reinvestment strategy to broaden ecosystem reach and sustain long-term growth, rather than any deterioration in business fundamentals.

We trim our Monee adj. EBITDA estimates for 2025-27 by 4%. Our Monee adj. EBITDA estimates for 2025-27 are 6-15% below street.

Fig 3: Our Monee forecast revisions

Segmental (USD m)	New			Old			% change		
	2025E	2026E	2027E	2025E	2026E	2027E	2025F	2026F	2027F
Digital financial services									
Revenues	3,641	4,679	5,661	3,638	4,666	5,633	0%	0%	0%
Adjusted EBITDA	1,035	1,289	1,514	1,081	1,345	1,579	-4%	-4%	-4%
Margins	28.4%	27.5%	26.8%	29.7%	28.8%	28.0%			

Source: Maybank IBG Research

Fig 4: Monee - Maybank vs. street estimates

USD m	MIBG			Street			% var		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Digital financial services									
Revenues	3,641	4,679	5,661	3,685	4,799	5,744	-1%	-2%	-1%
Adjusted EBITDA	1,035	1,289	1,514	1,103	1,478	1,782	-6%	-13%	-15%
Margins	28.4%	27.5%	26.8%	29.9%	30.8%	31.0%			

Source: Maybank IBG Research, Bloomberg

Garena. We think company has renewed its focus on Garena growth targeting consistent double-digit bookings growth trajectory driven by user expansion, new game launches, and deeper monetisation across its portfolio. However, we expect margins to normalise to mid-50s, versus the 59-66% range currently expected by the street, as growth will require continued investment in new game development, revenue sharing with IP partners (for high-profile collaborations like Naruto and Squid Game) and

spending on regional e-sports tournaments to reinforce engagement and franchise strength.

We raise our bookings estimates for 2025-27 by 2-7% but lower adj EBITDA estimates by 0-7% as higher growth spending to weigh on margins.

Fig 5: Our Garena forecast revisions

Segmental (USD m)	New			Old			% change		
	2025E	2026E	2027E	2025E	2026E	2027E	2025F	2026F	2027F
Digital Entertainment									
Bookings	2,827	3,051	3,331	2,824	3,036	3,218	0%	0%	4%
Revenues	2,341	2,831	3,143	2,339	2,841	3,033	0%	0%	4%
Adjusted EBITDA	1,645	1,817	1,930	1,705	1,823	1,927	-4%	0%	0%
Margins	58.2%	59.6%	57.9%	60.4%	60.1%	59.9%			
Quarterly active users - m	682	737	785	682	736	784	0%	0%	0%

Source: Maybank IBG Research

Fig 6: Garena - Maybank vs. Street estimates

USD m	MIBG			Street			% var		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Digital Entertainment									
Bookings	2,827	3,051	3,331	2,772	2,997	3,164	2%	2%	5%
Revenues	2,341	2,831	3,143						
Adjusted EBITDA	1,645	1,817	1,930	1,637	1,848	2,076	0%	-2%	-7%
Margins	58.2%	59.6%	57.9%	59.1%	61.7%	65.6%			
Quarterly active users - m	682	737	785	668	701	720	2%	5%	9%

Source: Maybank IBG Research, Bloomberg

3Q25 preview: Gaming boost; Shopee margin softens

We expect SE's 3Q25 results to show solid topline momentum led by Garena's strong content slate (notably Free Fire collaborations with Naruto and Squid Game), though group margins will likely soften due to Shopee's growth push and moderating Monee margins.

We expect Shopee GMV to grow at 26% YoY/6% QoQ but expect margins to decline 6bps leading to -3% decline in adj EBITDA.

We expect Monee margins to also decline owing to rising S&M spend, and higher provision ratios.

Net income may see temporary pressure from revenue deferrals tied to Garena's strong bookings, while the effective tax rate is expected to stay elevated at 35-40%.

Fig 7: Our SE results 3Q25 preview

	3Q24	4Q24	1Q25	2Q25	MIBG - 3Q25E	YoY	QoQ	Street - 3Q25E	vs. MIBG
Revenue (USD m)									
Digital Entertainment (Bookings)	557	543	775	661	701	26%	6%	680	3%
Ecommerce	3,184	3,663	3,524	3,771	4,024	26%	7%	4,040	0%
Digital financial services	616	733	787	883	981	59%	11%	949	3%
Others	31	35	34	46	44	42%	-5%		
Total adjusted revenue	4,387	4,975	5,121	5,362	5,750	31%	7%		
Change in deferred revenue for DE	- 59	- 24	- 280	- 102	- 191				
GAAP revenue	4,328	4,950	4,841	5,259	5,559	28%	6%	5,627	-1%
Adjusted EBITDA (USD m)									
Digital Entertainment	314	290	458	368	404	29%	10%	383	6%
Ecommerce	34	152	264	228	221	542%	-3%	219	1%
Digital financial services	188	211	241	255	255	36%	0%	278	-8%
Others	- 16	- 62	- 18	- 22	- 43	179%	98%		
Total adjusted EBITDA*	521	591	947	829	837	61%	1%	835	0%
Adjusted EBITDA margin (%)									
Digital Entertainment (Bookings)	56.5%	53.3%	59.1%	55.7%	57.7%			56.2%	
Ecommerce	1.1%	4.2%	7.5%	6.0%	5.5%			5.4%	
Digital financial services	30.5%	28.7%	30.7%	28.9%	26.0%			29.3%	
Others	-49.8%	-175.1%	-51.3%	-47.1%	-97.9%				
Total adjusted EBITDA*	11.9%	11.9%	18.5%	15.5%	14.6%				
Operating metrics									
Ecommerce									
Gross Merchandise Value (USD m)	25,100	28,600	28,600	29,800	31,547	26%	6%	31,234	1%
Gross orders (m)	2,794	3,000	3,100	3,300	3,540	27%	7%		
Marketplace take rate (%)	12.7%	12.8%	12.3%	12.7%	12.8%	0.01 ppt	0.01 ppt	0.7%	
Digital Entertainment									
Quarterly active users (m)	629	618	662	665	705	12%	6%		
Quarterly paying users (m)	50	51	65	62	66	32%	7%		
Pay ratio (%)	8.0%	8.2%	9.8%	9.3%	9.4%				
ARPU (USD)	11.1	10.8	12.0	10.7	10.6	-5%	-1%		
DFS									
Loans Principal Outstanding (USD b)	4.6	5.1	5.8	6.8	7.8	69%	15%		
On-book	3.8	4.2	4.9	5.9	6.9	81%	16%		
Off-book	0.8	0.9	0.9	0.9	0.9	15%	2%		
NPL90 ratio	1.2%	1.2%	1.1%	1.0%	1.0%				

Source: Maybank IBG Research, Company

Growth takes precedence over margins; Downgrade to HOLD

We lower our SE 2025-27 earnings forecasts by 8-24% on softer margin assumptions across key segments and cut our target price by 28% to USD172. With Shopee pursuing a more growth-oriented strategy amid competitive pressures, we expect margin improvement to slow. Shopee adj. EBITDA-to-GMV margins are forecast to decline 20bps in 2H25 (vs. 1H25) and improve only ~30bps per year in 2026-27. Monee (DFS) margins are likely to fall 170bps over two years due to lower interest yields and higher S&M spend, while Garena margins face pressure from growth investments. Pending clearer visibility on margin trajectories, we downgrade SE to a non-consensus HOLD. Our adj. EBITDA forecasts are 6-7% below consensus.

Fig 8: Our forecast changes for SE

(USD m)	New			Old			% change		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenues	22,071	27,523	33,186	21,992	27,260	32,496	0.4%	1.0%	2.1%
Adj EBITDA	3,298	4,448	5,588	3,406	4,749	5,967	-3.2%	-6.3%	-6.3%
Adj EBITDA margins	14.9%	16.2%	16.8%	15.5%	17.4%	18.4%			
NPAT	1,663	2,240	2,929	1,814	2,796	3,855	-8.3%	-19.9%	-24.0%
TP	172.0			238.0			-28%		

Segmental (USD m)	New			Old			% change		
	2025E	2026E	2027E	2025E	2026E	2027E	2025F	2026F	2027F
Ecommerce									
GMV	125,608	151,438	181,029	125,037	148,897	175,610	0.46%	1.71%	3.09%
Revenues	15,904	19,770	24,085	15,831	19,512	23,540	0%	1%	2%
Take rate (GAAP)	12.7%	13.1%	13.3%	12.7%	13.1%	13.4%			
Adjusted EBITDA	913	1,488	2,314	1,068	1,765	2,750	-15%	-16%	-16%
Adj EBITDA/GMV	0.7%	1.0%	1.3%	0.9%	1.2%	1.6%			
Digital Entertainment									
Bookings	2,827	3,051	3,331	2,824	3,036	3,218	0%	0%	4%
Revenues	2,341	2,831	3,143	2,339	2,841	3,033	0%	0%	4%
Adjusted EBITDA	1,645	1,817	1,930	1,705	1,823	1,927	-4%	0%	0%
Margins	58.2%	59.6%	57.9%	60.4%	60.1%	59.9%			
Quarterly active users - m	682	737	785	682	736	784	0%	0%	0%
Digital financial services									
Revenues	3,641	4,679	5,661	3,638	4,666	5,633	0%	0%	0%
Adjusted EBITDA	1,035	1,289	1,514	1,081	1,345	1,579	-4%	-4%	-4%
Margins	28.4%	27.5%	26.8%	29.7%	28.8%	28.0%			

Source: Maybank IBG Research, Company

Fig 9: SE US - Maybank vs. street estimates

USD m	MIBG			Street			% var		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenues	22,071	27,523	33,186	21,780	26,773	31,153	1%	3%	7%
Adj EBITDA	3,298	4,448	5,588	3,561	4,754	6,038	-7%	-6%	-7%
NPAT	1,663	2,240	2,929	1,871	2,876	3,684	-11%	-22%	-21%

USD m	MIBG			Street			% var		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Ecommerce									
GMV	125,608	151,438	181,029	123,811	146,184	168,230	1%	4%	8%
Revenues	15,904	19,770	24,085	15,680	19,019	21,910	1%	4%	10%
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Adj EBITDA/GMV	0.7%	1.0%	1.3%	0.8%	1.2%	1.6%			
Digital Entertainment									
Bookings	2,827	3,051	3,331	2,772	2,997	3,164	2%	2%	5%
Revenues	2,341	2,831	3,143	2,339	2,841	3,033			
Adjusted EBITDA	1,645	1,817	1,930	1,637	1,848	2,076	0%	-2%	-7%
Margins	58.2%	59.6%	57.9%	59.1%	61.7%	65.6%			
Quarterly active users - m	682	737	785	668	701	720	2%	5%	9%
Digital financial services									
Revenues	3,641	4,679	5,661	3,685	4,799	5,744	-1%	-2%	-1%
Adjusted EBITDA	1,035	1,289	1,514	1,103	1,478	1,782	-6%	-13%	-15%
Margins	28.4%	27.5%	26.8%	29.9%	30.8%	31.0%			

Source: Maybank IBG Research, Company, Bloomberg

Fig 10: SE SoTP (USD m, except per share values)

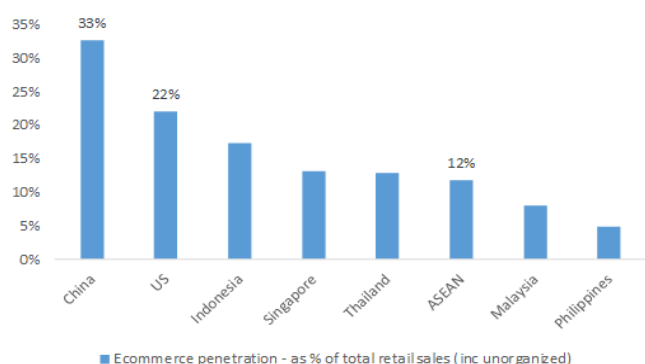
Business	Old	New	% change
Ecommerce			
Target	EV/Sales	EV/Sales	
Multiple	4.0x	3.1x	
Value of business	88,140	62,175	(29.5%)
Target	DCF	DCF	
WACC, LTG	8.5%, 5.0%	8.8%, 4.0%	
Value of business	105,663	66,491	(37.1%)
Digital Entertainment			
Target	EV/EBITDA	EV/EBITDA	
Multiple	12.5x	12.0x	
Value of business	22,792	21,896	(3.9%)
Target			
WACC, LTG	8.5%, 2.5%	8.8%, 2.5%	
Value of business	23,492	20,534	(12.6%)
Digital financial services			
Target	EV/EBITDA	EV/Sales	
Multiple	12.5	2.0	
FY26E Sales		4,679	
Value of business	16,807	9,359	(44.3%)
Net cash	14,553	14,553	
Equity value	151,404	109,460	
Number of shares (m)	636	636	
Value per share (USD)	238.0	172.0	(27.7%)

Source: Maybank IBG Research, Bloomberg

Value Proposition

- SE 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
- We estimate ASEAN GMV to grow at a 19% 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 SE'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.

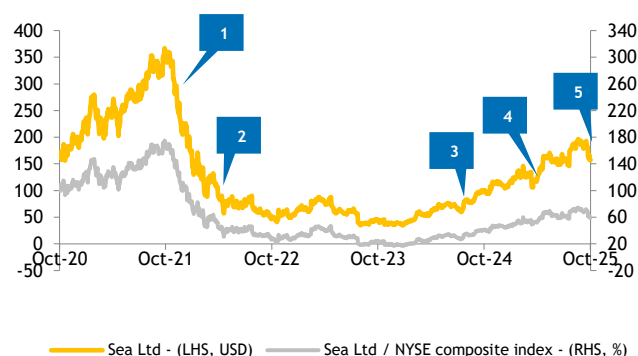
Shopee is exposed to fast-growing ASEAN e-commerce GMV



Source: Euromonitor

Price Drivers

Historical share price trend



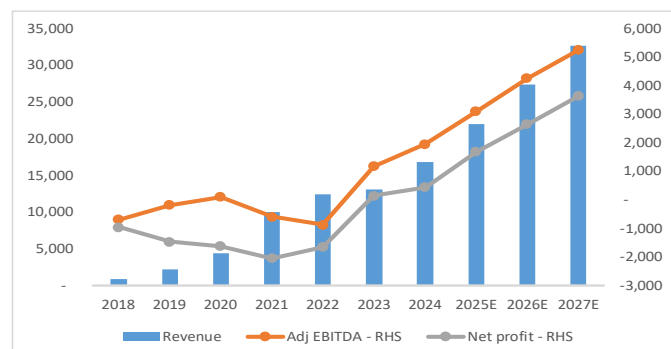
Source: Company, Maybank IBG Research

1. Sell-off due to broader weakness for pre-earnings growth companies amid hawkish Fed outlook.
2. Sell-off due to concerns of normalising growth for Garena Free Fire, as well as
3. Better than expected 3Q24 results helped by improvement across the segments
4. Better than expected 1Q25 results helped by improvement across the segments
5. Sell-off linked to Shopee margin improvement concerns

Financial Metrics

- We forecast FY24-27E revenue CAGR of 25%, driven by all the three business segments.
- Adj. EBITDA is expected to grow at 42% CAGR helped by E-commerce business and digital financial services.
- Cash balance as of 2Q25 stand at USD10.6b.

Revenue, EBITDA and net profit projections (USD m)



Source: MIBG, Company

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 SE'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 ¹	na
Score Momentum ²	na
Last Updated	na
Controversy Score ³	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. SE 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 SE uses is also a key environmental footprint, although not much has been discussed in SE'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 SE's >30,000 global workforce, 46% are females. Furthermore, 46% of the middle to senior management positions are held by females. SE also boasts a diverse culture of over 50 different nationalities in its company.
- SE 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.

¹**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. ²**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. ³**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).

FYE 31 Dec	FY23A	FY24A	FY25E	FY26E	FY27E
Key Metrics					
P/E (reported) (x)	126.7	100.1	55.1	41.7	32.3
Core P/E (x)	89.6	144.5	55.1	41.7	32.3
Core FD P/E (x)	88.6	nm	60.1	44.6	34.1
P/BV (x)	3.5	7.3	8.6	6.8	5.3
P/NTA (x)	3.5	7.2	8.6	6.7	5.3
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
FCF yield (%)	7.6	4.3	1.8	4.2	4.6
EV/EBITDA (x)	30.9	57.3	37.7	26.2	19.3
EV/EBIT (x)	70.6	95.3	45.6	30.2	21.7

INCOME STATEMENT (USD m)

Revenue	13,063.6	16,819.9	22,071.2	27,523.4	33,185.9
EBITDA	783.5	1,101.4	2,363.4	3,325.1	4,339.3
Depreciation	(440.8)	(439.3)	(411.5)	(449.0)	(486.5)
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	342.7	662.2	1,951.8	2,876.1	3,852.8
Net interest income / (exp)	290.2	327.2	345.5	345.5	357.0
Associates & JV	(7.0)	(9.8)	(9.8)	(9.8)	(9.8)
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	(82.6)	(210.8)	0.0	0.0	0.0
Pretax profit	543.2	768.7	2,287.5	3,211.8	4,200.0
Income tax	(262.7)	(321.2)	(621.2)	(967.8)	(1,267.8)
Minorities	(12.0)	(3.5)	(3.5)	(3.5)	(3.5)
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	268.6	444.0	1,662.7	2,240.5	2,928.7
Core net profit	268.6	444.0	1,662.7	2,240.5	2,928.7

BALANCE SHEET (USD m)

Cash & Short Term Investments	4,221.4	4,060.3	5,684.2	9,582.6	13,916.1
Accounts receivable	262.7	306.7	907.0	1,131.1	1,363.8
Inventory	125.4	143.2	164.9	199.0	237.9
Property, Plant & Equip (net)	1,207.7	1,097.7	1,363.3	1,755.0	2,279.0
Intangible assets	50.8	27.3	42.3	57.3	72.3
Investment in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other assets	13,015.2	16,990.2	17,461.4	17,868.5	18,315.6
Total assets	18,883.2	22,625.5	25,623.0	30,593.4	36,184.7
ST interest bearing debt	146.7	130.6	130.6	130.6	130.6
Accounts payable	342.5	350.0	316.7	260.0	309.3
LT interest bearing debt	3,069.1	1,728.3	1,728.3	1,728.3	1,728.3
Other liabilities	8,627.0	11,939.0	12,577.0	14,458.0	16,006.0
Total Liabilities	12,185.6	14,147.9	14,752.7	16,576.9	18,174.3
Shareholders Equity	6,593.8	8,372.3	10,761.6	13,904.3	17,894.7
Minority Interest	103.8	105.2	108.7	112.3	115.8
Total shareholder equity	6,697.6	8,477.6	10,870.4	14,016.5	18,010.5
Total liabilities and equity	18,883.2	22,625.5	25,623.0	30,593.4	36,184.7

CASH FLOW (USD m)

Pretax profit	543.2	768.7	2,287.5	3,211.8	4,200.0
Depreciation & amortisation	440.8	439.3	411.5	449.0	486.5
Adj net interest (income)/exp	0.0	0.0	0.0	0.0	0.0
Change in working capital	359.5	1,383.3	(498.1)	1,149.1	868.9
Cash taxes paid	0.0	0.0	0.0	0.0	0.0
Other operating cash flow	736.1	686.2	115.1	(55.8)	(196.3)
Cash flow from operations	2,079.7	3,277.4	2,316.0	4,754.1	5,359.1
Capex	(241.6)	(504.6)	(662.1)	(825.7)	(995.6)
Free cash flow	1,838.1	2,772.8	1,653.8	3,928.4	4,363.5
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	177.6	114.1	0.0	0.0	0.0
Other invest/financing cash flow	(1,998.8)	(3,729.5)	(4,378.7)	133.6	139.9
Effect of exch rate changes	0.0	0.0	0.0	0.0	0.0
Net cash flow	16.9	(842.5)	(2,724.9)	4,062.0	4,503.4

FYE 31 Dec	FY23A	FY24A	FY25E	FY26E	FY27E
Key Ratios					
Growth ratios (%)					
Revenue growth	4.9	28.8	31.2	24.7	20.6
EBITDA growth	nm	40.6	114.6	40.7	30.5
EBIT growth	nm	93.2	194.8	47.4	34.0
Pretax growth	nm	41.5	197.6	40.4	30.8
Reported net profit growth	nm	65.3	274.5	34.7	30.7
Core net profit growth	nm	65.3	274.5	34.7	30.7
Profitability ratios (%)					
EBITDA margin	6.0	6.5	10.7	12.1	13.1
EBIT margin	2.6	3.9	8.8	10.4	11.6
Pretax profit margin	4.2	4.6	10.4	11.7	12.7
Payout ratio	0.0	0.0	0.0	0.0	0.0
DuPont analysis					
Net profit margin (%)	2.1	2.6	7.5	8.1	8.8
Revenue/Assets (x)	0.7	0.7	0.9	0.9	0.9
Assets/Equity (x)	2.9	2.7	2.4	2.2	2.0
ROAE (%)	4.4	5.9	17.4	18.2	18.4
ROAA (%)	1.5	2.1	6.9	8.0	8.8
Liquidity & Efficiency					
Cash conversion cycle	(1.8)	(1.8)	4.5	10.7	12.1
Days receivable outstanding	7.3	6.1	9.9	13.3	13.5
Days inventory outstanding	5.9	5.0	4.6	4.6	4.6
Days payables outstanding	15.0	13.0	10.1	7.2	6.0
Dividend cover (x)	nm	nm	nm	nm	nm
Current ratio (x)	1.4	1.5	1.6	1.8	1.9
Leverage & Expense Analysis					
Asset/Liability (x)	1.5	1.6	1.7	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)	na	na	na	na	na
Debt/EBITDA (x)	4.1	1.7	0.8	0.6	0.4
Capex/revenue (%)	1.8	3.0	3.0	3.0	3.0
Net debt/ (net cash)	(1,005.7)	(2,201.5)	(3,825.3)	(7,723.7)	(12,057.2)

Source: Company; Maybank IBG Research

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Malaysia

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Singapore

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Thailand

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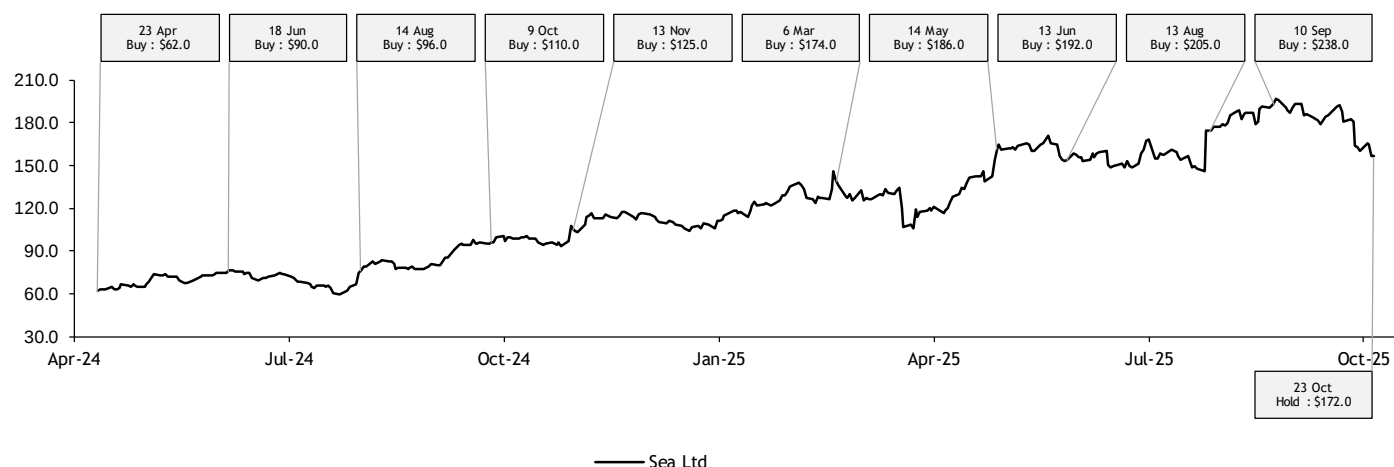
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