

SEA Ltd

Focus on expanding market share in 2026

5 March 2026

Company Overview

Sea Ltd. (Sea) engages in the digital entertainment (DE), ecommerce (EC), and digital financial service (DFS) businesses primarily in seven countries across Greater Southeast Asia.

Investment Overview

Dominant e-commerce, gaming, and fintech player in Southeast Asia. Sea Ltd. Sea Ltd (SE)'s e-commerce arm Shopee holds the No.1 market position across Southeast Asia. The company is also the market leader in the region's digital lending and gaming businesses.

Scale over margins in FY26F for Shopee. Sea Ltd is prioritising market share and wallet expansion for Shopee, guiding ~25% FY26F GMV growth (above 18% consensus) but flat y/y Adj EBITDA, implying ~30% downside to prior consensus. Front-loading VIP membership promotions, AI, content costs and fulfilment costs over the next 6-7 months will cap near-term margins despite rising take rates (13.6% in 4Q25).

Gaming + FinTech to see decent growth with sustained margins. Gaming saw 24% y/y bookings growth and 54% margins in 4Q25. Management expects at least mid to high single booking growth in FY26F. FinTech's loan book grew 80% y/y to USD9.2bn, underpinning structural expansion despite potential margin normalization in FY26F. Management expects Fintech to continue to grow strongly expanding from Indonesia, Thailand and Malaysia to Brazil and Philippines in FY26F.

BUY with a TP of USD151 (previous USD175) with e-commerce comprising ~50% of our SE valuation. (i) We value E-commerce business at 2.0x 12-month EV/revenue (prev 2.5x) 16% below the peer average of 2.4x due to its lower profitability despite a revenue CAGR of 27% over FY25-27F, much higher than its peer average of 13%. (ii) Our combined value for SE's gaming & fintech businesses stands at 15x (previous 17x) 12-month EV/EBITDA at a 20% premium to its peer average of 12.5x. We factored in USD4.1bn in net cash.

Risks

Our bear-case TP is USD96. Assuming slower growth, we assign 1.0x 12-month forward EV/revenue for e-commerce, and 12x 12-month forward EV/EBITDA (10% lower EBITDA than base case) for the rest of the company.

Sachin MITTAL

Analysts
sachinmittal@dbs.com

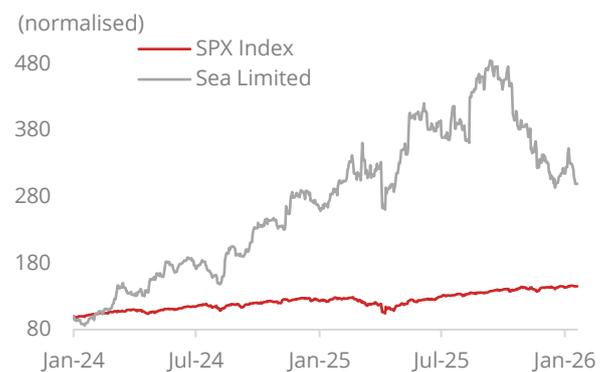
Key Financial Data

Bloomberg Ticker	SE US
Sector	Media & Entertainment
Share Price (USD)	88.26
DBS Rating	BUY
12-mth Target Price (USD)	151.00
Market Cap (USD bn)	52.3
Volume (mn shares)	12.0
Free float (%)	92.9
Dividend yield (%)	-
Net Debt to Equity (%)	cash
Fwd. P/E (x)	42.6
P/Book (x)	5.0
ROE (%)	15.1

Closing Price as of 04/03/2026

Source: Twelve Data, DBS, Visible Alpha, Bloomberg, DBS

Indexed Share price vs Composite Index Performance



Source: S&P Cap IQ Pro

The full report and disclaimers are accessible here:



Financial Summary (USDmn)

FY Dec	FY2023 (A)	FY2024 (A)	FY2025 (F)	FY2026 (F)	FY2027 (F)
Sales	13,064	16,820	22,938	28,652	36,115
% y/y	4.9	28.8	36.4	24.9	26.0
Gross Profit	5,834	7,205	10,244	16,159	21,981
% y/y	12.5	23.5	42.2	57.7	36.0
EBITDA	665.6	1,052	2,357	3,207	4,458
% y/y	nm	58.0	124.1	36.0	39.0
Net Profit (Loss)	150.7	444.3	1,578	1,465	2,117
% y/y	nm	194.8	255.2	(7.2)	44.5
FCF	1,969	2,775	4,182	(265.8)	1,052
% y/y	nm	40.9	50.7	nm	nm
CAPEX	(258.3)	(258.3)	(258.3)	(1,883)	(2,374)
% y/y	(73.5)	0.00	0.00	629.2	26.0
EBITDA Margin (%)	5.1	6.3	10.3	11.2	12.3
Net Margin (%)	1.2	2.6	6.9	5.1	5.9
ROA (%)	0.8	2.1	6.1	4.9	6.7
ROE (%)	2.4	5.9	15.1	11.0	14.1
Tax Rate (%)	61.8	41.8	28.8	35.0	35.0

Source: Company, DBS

Valuation Metrics

FY Dec	FY2023 (A)	FY2024 (A)	FY2025 (F)	FY2026 (F)	FY2027 (F)
PE (x)	407.7	140.3	39.5	42.6	29.5
P/B (x)	9.3	7.4	5.0	4.5	3.9
Dividend Yield (%)	nm	nm	nm	nm	nm
EV/EBITDA (x)	91.1	55.1	23.4	17.3	12.2
FCF Yield (%)	3.2	4.8	7.6	nm	1.9

Source: Company, DBS

Credit & Cashflow Metrics

FY Dec	FY2023 (A)	FY2024 (A)	FY2025 (F)	FY2026 (F)	FY2027 (F)
Debt / Equity (x)	0.7	0.5	0.3	0.2	0.2
Net Debt / Equity (x)	cash	cash	cash	cash	cash
Debt / Assets (x)	0.2	0.2	0.1	0.1	0.1
EBITDA / Int Exp (x)	nm	nm	nm	159.7	221.9
Debt / EBITDA (x)	6.7	3.9	1.4	1.0	0.7
Receivables Days	7.4	6.2	5.4	5.4	5.4
Days Payable	16.2	13.7	12.1	16.6	18.6
Inventory Days	6.3	5.3	5.4	7.9	8.8

Source: Company, DBS

Target Price & Ratings History



#	Date of Report	Closing Price	12-m Target Price	Rating
1	07 Mar'25	146.31	181.00	BUY
2	14 May'25	154.13	204.00	BUY
3	03 Sep'25	178.78	241.00	BUY
4	28 Oct'25	160.10	221.00	BUY
5	19 Nov'25	147.26	205.00	BUY
6	11 Feb'26	113.33	175.00	BUY

Source: DBS

Analysts: Sachin MITTAL

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

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*Share price appreciation + dividends

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DBS REGIONAL RESEARCH OFFICES

HONG KONG

DBS Bank (Hong Kong) Ltd

Contact: Dennis Lam
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

SINGAPORE

DBS Bank Ltd

Contact: Andy Sim
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
e-mail: groupresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: William Simadiputra
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaresearch@dbs.com

THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: DBSVTresearch@dbs.com
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