

TikTok Shop's hyper growth concerns investors

What's New

- Sea Ltd's (SE) share price has dropped ~15% in the last two weeks prompting concerns about sector competition from TikTok Shop (TTS).
- Shopee's GMV is growing near 20%, but TTS is growing much faster in our estimates.
- SE's e-commerce business trading at just 1.1x EV to 12month sales vs e-commerce peers trading near 2.5x. Maintain BUY on SE with unchanged TP of USD205. A potential exit of Lazada be the key catalyst for a stable duopoly in SE Asia.

SE's share price has dropped ~15% in the last two weeks prompting investors concerns. We think that the stock could have dropped due to Momentum Works report indicating that (i) TikTok Shop (TTS) catches up with Shopee in parcel volume in Southeast Asia (2) Shopee's defence puts more focus on instant delivery.

<https://thelowdown.momentum.asia/momentum-works-10-predictions-for-southeast-asia-2026/>

Shopee's GMV is growing near 20%, but TTS is growing much faster in our estimates. We think that parcel-value at TTS is much lower than Shopee. TTS is doing particularly well in countries like Vietnam and Thailand. For example, Vietnam GMV which is estimated to be grow 35% in 2025 much faster than other markets. Shopee's market share in Vietnam has dropped to 52% vs 64% in 2024 with TikTok's share rising to 41% vs 28% earlier as per e-commerce data platform Metric. Lazada & Tiki's combined share halved to just 3% suggesting an exit sooner or later.

Consensus projects slightly higher margins for Shopee in FY26F although we can't rule out flat margins if TTS continues to be aggressive. Consensus projects adj EBITDA to GMV of 0.9% in FY26F for Shopee vs 0.7% in FY25F. However, Shopee's FY26F margins could remain flat in FY26F if TTS continues to be aggressive in 2026. Sea Ltd's share price already reflects the negatives though. SE's e-commerce business is trading at just 1.1x EV to 12month sales vs e-commerce peers trading near 2.5x. A potential exit of Lazada with just 10-15% market share in SE Asia could be the key catalyst for the sector competition to turn benign in our view.

Analyst

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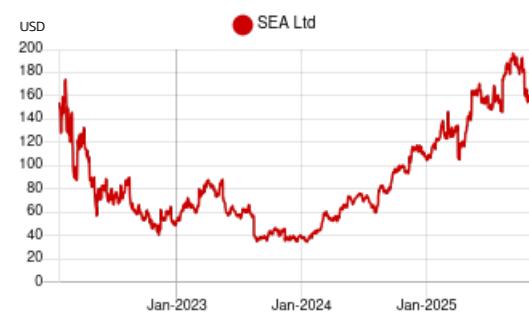
Key Financial Data (FY Dec)

Bloomberg Ticker	SE US
Sector	Media & Entertainment
Share Price(USD)	147.26
DBS Rating	BUY
12-mth Target Price (USD)	205.00
Market Cap (USDbn)	87.2
3m Avg. Daily Val (USDmn)	767.1
Dividend yield (%)	na
Fwd. P/E (x)	44.3
P/Book (x)	10.1
ROE (%)	16.4

Closing Price as of 19/01/2026

Source: Twelve Data, DBS, Visible Alpha

SEA Ltd Share Price



Source: Twelve Data

Target Price & Ratings History - SEA Ltd (SE_US_Equity)



#	Date of Report	Closing Price	12-m Target Price	Rating
1	02 Jan'25	106.10	157.00	BUY
2	07 Mar'25	146.31	181.00	BUY
3	14 May'25	154.13	204.00	BUY
4	03 Sep'25	178.78	241.00	BUY
5	28 Oct'25	160.10	221.00	BUY
6	19 Nov'25	147.26	205.00	BUY

Source: DBS

Analyst: 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)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

Sources for all charts and tables are DBS unless otherwise specified.

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