

Recent improvement in competitive landscape is not priced in

What's New

- Sea Ltd's share price decline in Jan 2026 reflects 2H25 weakness while ignoring recent take-rate hikes by Tik-Tok Shop in Indonesia, reduction in subsidies by MercadoLibre in Brazil and Coupang's struggles in Taiwan
- We estimate that 65-70% of Shopee's GMV is on the road to recovery with rising take rates across Indonesia, Malaysia, Singapore, Vietnam and Brazil.
- Maintain BUY with an unchanged TP of USD205. Excluding, fintech and gaming business, SE's e-commerce business is trading near 1.2x EV to sales at a big discount to e-commerce peers at 2.5x.

Fee hikes at TikTok Shop Indonesia, lower subsidies by MercadoLibre in Brazil and Coupang's struggles in Taiwan present opportunities for Shopee. TikTok Shop announced on 22nd January 2026 that the seller fees in Indonesia will be raised effective from 11th of February 2026. Fee increases would primarily impact electronics and lifestyle goods. In the Computers & Office Equipment cluster, Marketplace Commission Fees for various accessories and network components will be raised from 4.25%-5.75% to 6.25%-7.75%, while their Mall Commissions will rise from roughly 7.20%-9.70% to 9.20%-11.70%. Additionally, Marketplace and Mall fees for Toys & Hobbies sub-categories, such as Educational Toys and DIY Crafts, both will rise by 2%, moving from 7.50% and 7.20% to 9.50% and 9.20%, respectively. Meanwhile, Coupang which is a key challenger in Taiwan, is facing leadership crisis after the platform was hit by a massive data breach in Korea in December 2025 which led to the resignation of its Korean CEO followed by resignation of its Taiwan head. MercadoLibre will also adjust logistics fees in Brazil effective from 1st of March 2026, with higher fees for items in the mid-price range (e.g., BR49-BR79 packages under 3kg). This move follows a period in 2025 where MercadoLibre aggressively lowered shipping costs and reduced the free shipping threshold to BR19 to compete with rivals like Shopee and Amazon, which pressured their margins.

Shopee steps up the platform monetisation with latest round of seller fee hike in response to softening competition. Shopee's recent fee revisions are driven primarily by (i) higher commission fees and (ii) introduction of a new 5% technical support fee announced in December 2025 (applicable for Singapore, Malaysia, Thailand, and Vietnam). For Marketplace and Mall sellers, Shopee has raised commission fee in Singapore, Indonesia, Malaysia, Vietnam, and Brazil from 1 Jan 2026 onwards. Transaction fees remained mostly unchanged while the new technical support fee of 5% now adds an additional layer to Shopee's revenue. We expect the latest fee hike to repair 65-70% of Shopee's GMV which is contributed by Indonesia, Malaysia, Singapore, Vietnam and Brazil (Thailand, Philippines, and Taiwan contributed ~30% Shopee's GMV according to our estimates).

Analyst

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Key Financial Data (FY Dec)

Bloomberg Ticker	SE US
Sector	Media & Entertainment
Share Price(USD)	124.78
DBS Rating	BUY
12-mth Target Price (USD)	205.00
Market Cap (USDbn)	73.9
3m Avg. Daily Val (USDmn)	674.5
Dividend yield (%)	na
Fwd. P/E (x)	35.7
P/Book (x)	7.3
ROE (%)	16.4

Closing Price as of 23/01/2026

Source: Twelve Data, DBS, Visible Alpha

SEA Ltd Share Price



Source: Twelve Data

Latest Shopee Marketplace seller fee revisions across its markets

Shopee Marketplace	Previous		Current		
	Commission fee	Transaction fee	Commission fee	Transaction fee	Effective Date
Singapore	7.00%	3.00%	7-11%	3.00%	1 st January 2026
Indonesia	2.25-7.21%	0.00%	2.25-9%	0.00%	1 st January 2026
Brazil	12.00%	2.00% + BR 4 per item sold	12.00%	2.00% + BR 7 per item sold	1 st January 2026
Vietnam	1.36-10.91%	4.55%	1.39-12.96%	4.55%	1 st January 2026
Malaysia*	0-16.0%	3.50%	0.0-16.0%	3.50%	1 st February 2026

*Malaysia - Marketplace commission fees increase in individual product categories while lower end and the higher end of the rates remain unchanged.

Source: Company, One Cart, Big Seller, Tuke Marketing, DBS

Latest Shopee Mall seller fee revisions across its markets

Shopee Mall	Previous		Current		
	Commission fee	Transaction fee	Commission fee	Transaction fee	Effective Date
Singapore	8-10%	3.00%	8-14%	3.00%	1 st January 2026
Indonesia	2.25-9.19%	1.62%	2.25-10.54%	1.62%	1 st January 2026
Brazil	13%	1.00% + BR 4 per item sold	12%	2.00% + BR 7 per item sold	1 st January 2026
Vietnam	5.93-19.17%	Included	1.39-16.48%	4.55%	1 st January 2026
Malaysia	3-18%	3.50%	3-20%	3.50%	1 st February 2026

Source: Company, One Cart, Big Seller, Tuke Marketing, DBS

Maintain BUY with an unchanged TP of USD205. We continue to expect Shopee's revenue to grow at a CAGR of 22% over FY25F-27F as we expect Shopee's take rate to reach 13.2% and 14.2% in FY26F and FY27F benefitting from Shopee's latest round of seller fee hike. We forecast Shopee's adj EBTDA to GMV margin to reach 0.9% and 1.2% respectively in FY26F and FY27F from 0.7% in FY25. Excluding, its fintech and gaming business, its e-commerce business is trading near 1.2x EV to sales at a big discount to e-commerce peers at 2.5x. Sea Ltd is currently trading near 16.6x 12-month forward EV/Adj EBITDA despite offering an adj EBITDA CAGR of 29% over FY25-27F which is very attractive in our view.

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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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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

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