

Singapore

ADD (no change)

Consensus ratings*: Buy 31 Hold 1 Sell 1

Current price:	US\$126.5
Target price:	US\$202.0
Previous target:	US\$288.0
Up/downside:	59.7%
CGS-CIMB / Consensus:	-27.7%
Reuters:	SE.N
Bloomberg:	SE US
Market cap:	US\$70,208m
Average daily turnover:	US\$1,405m
Current shares o/s:	472.8m
Free float:	37.8%

*Source: Bloomberg

Key changes in this note

- FY22-23F revenue lowered by 1.6%-6.7%.
- Non-GAAP losses expanded for FY22F but narrowed for FY23F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-20.4	-51.7	-49.1
Relative (%)	-14.5	-46	-58.9

Major shareholders	% held
Forrest Li Xiaodong	25.4
Tencent	25.6
Gang Ye	6.7

Analyst(s)



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SEA Ltd

Driving sustainable growth

- 4Q21 results dragged by weaker Garena performance; bookings guidance for FY22F disappointed on post-Covid-19 normalisation and FF's India woes.
- On the positive side, SE guided for stronger Shopee and SeaMoney growth, and aims for Shopee to turn EBITDA positive in ASEAN & Taiwan by FY22F.
- Reiterate Add with a lower SOP-based TP of US\$202.

4Q21 results below expectations

SEA Ltd's (SE) 4Q21 adjusted revenue of US\$2.9bn (+3% qoq, +53% yoy) was 4% below our expectations, mainly due to lower bookings from gaming unit Garena which suffered from moderation of gaming activities with economic reopening. 4Q21 adj. LBITDA of US\$492m (4Q20: adj. EBITDA of S\$49m) also fell short of estimates due to lower gaming segment margins, given higher spend to drive gamer engagement. FY21 core net loss made up 98%/100% of our/Bloomberg consensus forecasts.

Positives: driving sustainable growth; bright Shopee outlook FY22F

SE outlined plans to drive sustainable growth: 1) Shopee to achieve positive EBITDA in Southeast Asia and Taiwan by FY22F, 2) SeaMoney to achieve positive cash flow by FY23F, and 3) cash generation by Shopee and SeaMoney to enable both businesses to self-fund longer-term growth by FY25F. The targeted pace of narrowing losses for both Shopee and SeaMoney exceeded our expectations. SE also provided strong revenue growth guidance for Shopee and SeaMoney for FY22F. Shopee is expected to record US\$8.9bn-9.1bn GAAP revenue for FY22F (+76% yoy at midpoint), significantly higher vs. our/Bloomberg consensus' expectations of US\$8.2bn-8.5bn. SE also provided revenue guidance for SeaMoney for the first time – the range of US\$1.1bn-1.3bn (+155% yoy at midpoint) was also above our/Bloomberg consensus' expectations of US\$1.0bn.

Negatives: Gaming a weak spot

FY22F bookings guidance for Garena was weak at US\$2.9bn-US\$3.1bn (-30% yoy at midpoint), on the back of 1) continued normalisation in gaming activities as economies reopen, and 2) uncertainties arising over Free Fire (FF) ban in India. The guidance was significantly below our/Bloomberg consensus' expectations of US\$4.5bn-US\$5.1bn. Nevertheless, with strong cash on hand of c.US\$10bn, SE believes it has the financial resources required to fund growth of Shopee and SeaMoney over the coming years without having to rely heavily on Garena's cash generation.

Reiterate Add with lower TP of US\$202

While the weaker gaming guidance for FY22F is likely to cause near-term pressure on SE's share price, Shopee's earlier-than-expected path to profitability in Southeast Asia/Taiwan and strong growth outlook reinforce our confidence in SE's longer-term potential. Maintain Add. Our SOP-based TP is lowered to US\$202 on the back of EPS cuts and lower target multiple for the gaming segment (10x FY23F P/E). Re-rating catalysts: further commission rate hikes for Shopee and positive updates on Free Fire India. Downside risks: execution risk in new markets.

Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (US\$m)	4,376	9,955	14,073	18,502	23,673
Operating EBITDA (US\$m)	(1,123)	(1,304)	(1,128)	60	1,039
Net Profit (US\$m)	(1,618)	(2,047)	(1,957)	(931)	(138)
Core EPADS (US\$)	(3.42)	(3.95)	(3.42)	(1.53)	(0.22)
Core EPS Growth	49.5%	13.3%	(11.0%)	(54.8%)	(85.3%)
FD Core P/E (x)	NA	NA	NA	NA	NA
DPADS (US\$)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	NA	NA	NA	1,147	65
P/FCFE (x)	133.6	325.3	NA	67.8	35.7
Net Gearing	(156%)	(110%)	(114%)	(123%)	(129%)
P/BV (x)	18.07	9.45	11.85	12.30	10.74
ROE	(71.2%)	(38.0%)	(28.5%)	(14.6%)	(2.0%)
% Change In Core EPADS Estimates			(3.0%)	15.1%	
CGS-CIMB/Consensus EPADS (x)			0.98	0.78	(6.32)

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Driving sustainable growth

Figure 1: 4Q21 results review

Year End Dec 31	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	QoQ %	YoY%Prev. 4Q21F	Var (%)	
Adjusted revenue (US\$ m)													
Digital Entertainment (Bookings)	479.9	512.4	716.2	944.7	1,013.0	1,113.8	1,180.1	1,220.7	1,081.7	-11.4%	6.8%	1,213.2	-10.8%
Ecommerce*	358.3	263.2	443.0	618.7	842.2	922.3	1,155.2	1,450.5	1,595.0	10.0%	89.4%	1,609.6	-0.9%
Digital Financial Services	3.6	10.3	11.7	14.4	24.4	51.3	88.7	132.2	197.5	49.4%	711.1%	165.3	19.5%
Others	67.3	71.7	43.4	10.1	6.6	8.7	12.4	6.9	14.5	109.1%	118.5%	14.8	-2.3%
Total adjusted revenue	909	858	1,214	1,588	1,886	2,096	2,436	2,810	2,889	2.8%	53.2%	3,003	-3.8%
Adjusted EBITDA (US\$ m)													
Digital Entertainment	266	298	436	585	664	717	741	715	603	-15.7%	-9.2%	727	-17.1%
Ecommerce	(306)	(260)	(305)	(302)	(427)	(413)	(580)	(684)	(878)	28.4%	105.3%	(793)	10.7%
Digital Financial Services	(50)	(102)	(110)	(149)	(171)	(153)	(155)	(159)	(150)	-5.8%	-12.5%	(164)	-8.5%
Others	(15)	(7)	(13)	(13)	(16)	(63)	(30)	(38)	(67)	77.9%	317.8%	(39)	73.5%
Total adjusted EBITDA	(104.9)	(69.9)	7.7	120.4	48.7	88.1	(24.1)	(165.5)	(492.1)	197.4%	-1110.0%	(268.7)	83.2%
Operating metrics													
Digital Entertainment													
Quarterly active users (m)	355	402	500	572	611	649	725	729	654	-10.3%	7.1%	718	-8.9%
Quarterly paying users (m)	33	36	50	65	73	80	92	93	77	-17.2%	5.7%	92	-16.0%
Pay ratio (%)	9.4%	8.9%	10.0%	11.4%	12.0%	12.3%	12.7%	12.8%	11.8%	-7.7%	-1.3%	12.8%	-7.8%
ARPU (US\$)	1.4	1.3	1.4	1.7	1.7	1.7	1.6	1.7	1.7	-1.2%	-0.3%	1.7	-2.1%
ARPPU (US\$)	14.4	14.4	14.4	14.5	13.9	13.9	12.8	13.1	14.0	7.0%	1.0%	13.2	6.2%
Ecommerce													
Gross Merchandise Value (US\$m)	5,646	6,200	8,035	9,300	11,998	12,600	15,065	16,800	18,200	8.3%	51.7%	18,416	-1.2%
Gross orders (m)	441	430	616	742	1,033	1,100	1,401	1,655	1,964	18.7%	90.1%	1,844	6.5%
Marketplace take rate (%)*	5.1%	3.0%	3.9%	5.1%	5.3%	5.8%	6.1%	7.1%	7.1%	0.5%	34.1%	7.3%	-1.5%

*As Sea Limited no longer reports "E-commerce sales incentives net-off" which we used to compute adjusted revenue for the e-commerce segment (prior to 1Q21 results), we have restated the numbers above to reflect GAAP revenue of ecommerce segment instead. Overall take rate and marketplace take rate, which were computed using adjusted revenue previously, have also been restated. For digital entertainment segment, we use bookings as the adjusted revenue.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Results summary table

FYE Dec (US\$m)	4QFY21	4QFY20	yoy % chg	qoq % chg	FY21 Cum	FY20 Cum	yoy % chg	Prev. FY21F
Revenue	3,222.1	1,566.6	105.7%	19.8%	9,955.2	4,375.7	127.5%	9,614.7
Operating costs	(1,752.8)	(891.0)	96.7%	19.5%	(5,478.8)	(2,652.2)	106.6%	(5,140.0)
EBITDA	(442.1)	(304.2)	45.3%	15.7%	(1,304.0)	(1,122.6)	16.2%	(1,432.3)
<i>EBITDA margin (%)</i>	<i>-13.7%</i>	<i>-19.4%</i>	<i>5.7%</i>	<i>0.5%</i>	<i>-13.1%</i>	<i>-25.7%</i>	<i>12.6%</i>	<i>14.9%</i>
Deprn & amort.	83.5	53.1	57.3%	9.3%	279.0	180.2	54.8%	277.2
EBIT	(525.6)	(357.3)	47.1%	14.6%	(1,583.1)	(1,302.8)	21.5%	(1,709.5)
Interest & invt inc	(8.0)	(58.8)	-86.4%	-248.7%	(7.4)	7.0	-206.2%	10.6
Associates' contrib	2.4	1.4	73.1%	67.0%	5.0	0.7	596.1%	3.6
SBC	(132.8)	(93.8)	41.5%	8.0%	(474.1)	(284.2)	66.8%	(469.8)
Pretax profit	(513.1)	(481.8)	6.5%	8.8%	(1,715.2)	(1,483.2)	15.6%	(1,780.6)
Tax	(105.6)	(44.2)	139.1%	4.5%	(332.9)	(141.6)	135.0%	(286.3)
Tax rate (%)	20.6%	9.2%	11.4%	-0.9%	19.4%	9.5%	9.9%	16.1%
Minority interests	1.3	(1.0)	-235.0%	-35.3%	3.7	(6.1)	-161.1%	3.2
Net profit	(617.6)	(523.6)	18.0%	7.8%	(2,046.8)	(1,618.1)	26.5%	(2,066.5)
Core net profit	(484.8)	(429.7)	12.8%	7.7%	(1,572.7)	(1,333.8)	17.9%	(1,596.7)

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Commentary by management during results briefing ►

- Moving towards sustainable growth – SE is in a strong position to manage the levers of its business to reach profitability across more markets and segments in 2022F and beyond.
- Guided for Shopee to be EBITDA positive in Southeast Asia and Taiwan in FY22F, and for SeaMoney to achieve positive cash flow by FY23F. Expects the cash generated by Shopee and SeaMoney to enable both businesses to substantially self-fund their own long-term growth.
- Current cash holdings of c.US\$10bn will be prudently invested into growth of Shopee and SeaMoney over the coming years. Management believes it has sufficient resources required to grow both businesses to the inflection point without having to rely heavily on cash generated from the gaming segment.

E-commerce segment (Shopee) ▶

- 4Q21 e-commerce GAAP revenue rose 89% yoy to US\$1.6bn (vs. 4Q20: US\$0.8bn) on stronger gross orders (+90% yoy), in line with our expectations.
- Adjusted EBITDA loss for 4Q21 was wider than expected, coming in at US\$878m, due to higher investments into new markets.
- While overall e-commerce EBITDA loss per order was US\$0.45 (4Q20: US\$0.41), this was mainly due to drags from new markets. Management disclosed that EBITDA loss per order in Southeast Asia and Taiwan improved to US\$0.15 (vs. 4Q20: US\$0.21). Meanwhile, Shopee Brazil, another new core market, also saw EBITDA loss per order improve by more than 40% yoy to below US\$2.
- For FY21, e-commerce GAAP revenue rose 136% yoy to US\$5.1bn (vs. FY20: US\$2.1bn), coming in at the mid-point of management's guidance. Both gross orders and GMV recorded yoy improvements of 117% and 77%, respectively. Adjusted EBITDA loss/order (before allocation of headquarters' common expenses) in Southeast Asia and Taiwan improved to US\$0.42 (vs. FY20: US\$0.46).
- According to data.ai, Shopee was the top ranked app (shopping category) by downloads both in 4Q21 and FY21. In Southeast Asia and Taiwan, Shopee ranked top in average monthly active users and total time spent in app for 4Q21 and FY21. Shopee's orders grew by c.80% across ASEAN-6 markets in 4Q21.
- In Indonesia, where Shopee is the largest e-commerce platform, gross orders grew by around 88% yoy. Shopee also continued to rank first in the Shopping category by average monthly active users and total time spent in app for the fourth quarter and for the full year of 2021, according to data.ai.
- Shopee Brazil continued to scale up its business in 4Q21. Positively, 4Q21 gross orders surged 400% yoy to c.140m, with GAAP revenue up 326% yoy to c.US\$70m (c.4% of 4Q21 total e-commerce GAAP revenue).
- FY22F e-commerce revenue guided at US\$8.9bn-US\$9.1bn (+76% yoy at midpoint), significantly higher than our/Bloomberg consensus' expectations of US\$8.2bn/US\$8.5bn.
- Management expects to achieve positive adjusted EBITDA in Southeast Asia and Taiwan this year. Notably, management expects Shopee to be the first major e-commerce player in Southeast Asia and Taiwan to record profitability. The path to profitability will be driven by 1) higher take rates, 2) cost efficiencies reaped as further scale is reached, and 3) more sellers using add-on services (e.g. free shipping, advertising).
- Shopee Brazil will also be a key focus in FY22F, as the group remains optimistic of the country's long-term value and growth prospects. The domestic industry is marked by high prevailing take rates (15-18%), with several leading competitors already profitable.

Gaming segment (Garena) ▶

- 4Q21 bookings came in weaker than expected at US\$1.1bn (-11% qoq, +7% yoy) as gaming activity moderated on post-Covid-19 normalisation.
- Quarterly active users (QAUs) and quarterly paying users (QPUs) recorded qoq declines of 10% and 17%, respectively.
- Adjusted EBITDA margin declined to 55.7% (vs. 58.6% in 3Q21).
- FY21 bookings rose 44% to US\$4.6bn (vs. FY20: US\$3.2bn), coming in at the mid-end of management's guidance. FY21 adjusted EBITDA margin declined to 60.4% (vs. FY20: 62.2%).
- Key disappointment was the weaker-than-expected FY22F bookings guidance of US\$2.9bn-US\$3.1bn (-c.30% yoy at midpoint), significantly below our/Bloomberg consensus' expectations of US\$4.5bn/US\$5.1bn. Management said this takes into consideration headwind factors including 1)

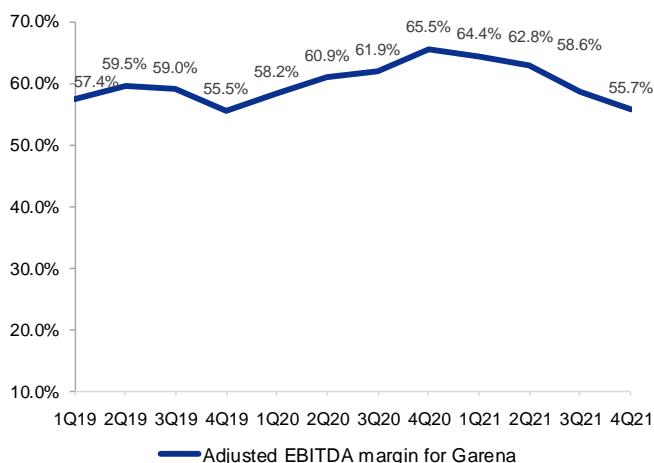
continued normalisation in gaming activity as economies reopen (industry wide phenomenon), and 2) uncertainty over Free Fire ban in India.

- Free Fire remains a top game globally. According to data.ai, Free Fire was the most downloaded mobile game globally in 4Q21 and FY21. Data.ai also ranked Free Fire as the highest grossing mobile game in Southeast Asia and Latin America for 4Q21 and FY21.
- Management intends to continue investing in Free Fire to improve user experience and engagement. The long-term vision is for Free Fire to be an open platform with high user participation; this allows SE to tap on key trends such as the metaverse. Recently launched Craftland, a Free Fire map editor feature, saw strong reception by players.
- In addition to Free Fire, SEA plans to expand its game portfolio to accommodate a wider range of genres (e.g. multiplayer action, role-playing, etc.). Investments will be focused on 1) strong development teams, and 2) acquisition of gaming IPs.

Digital financial services segment (SeaMoney) ▶

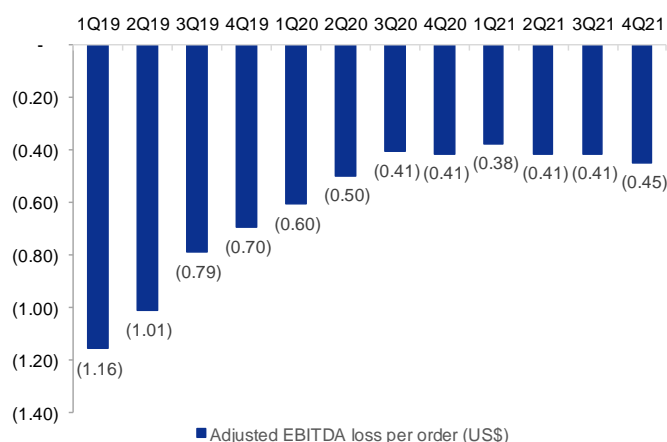
- 4Q21 digital financial services GAAP revenue rose 711% yoy to US\$198m (vs. 4Q20: US\$24m), above expectations. Adjusted EBITDA losses narrowed to US\$150m (vs. 4Q20: US\$171m).
- QAU rose 90% yoy to reach 45.8m, while mobile wallet total payment volumes (TPV) rose 70% yoy to \$5bn.
- Product offerings expanded to include credit services to consumers and merchants across more markets. Also started offering services in digital banking and insuretech in Indonesia. A bank licence was also obtained in the Philippines.
- Indonesia, which has the most comprehensive suite of SeaMoney offerings, is seeing good traction, with 20% of QAUs having used multiple SeaMoney products or services.
- FY21 GAAP revenue rose 673% yoy to US\$470m (vs. FY20: US\$61m). Adjusted EBITDA losses widened to US\$617m (vs. FY20: US\$511m). Mobile wallet TPV rose 120% yoy to US\$17bn.
- FY22F digital financial services GAAP revenue guided (for the first time) at US\$1.1bn-US\$1.3bn, above our/Bloomberg consensus's expectations of US\$1bn.
- Management expects SeaMoney to achieve positive cash flow generation by FY23F. This will be driven by greater user adoption and further expansion of product offerings.

Figure 3: Adjusted EBITDA margin for digital entertainment weakened in 4Q21



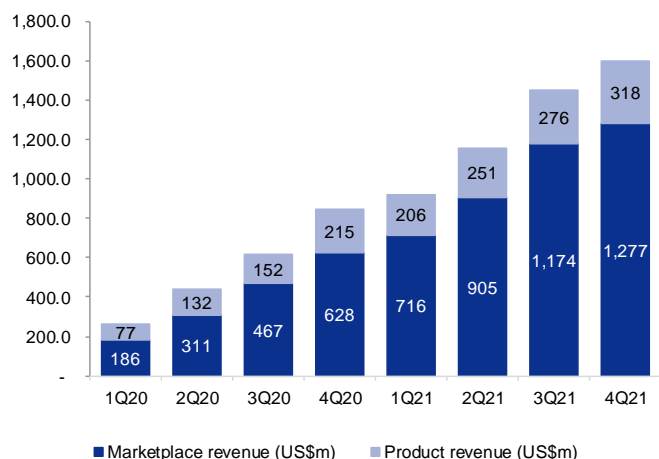
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Shopee's adjusted EBITDA loss per order widened slightly in 4Q21



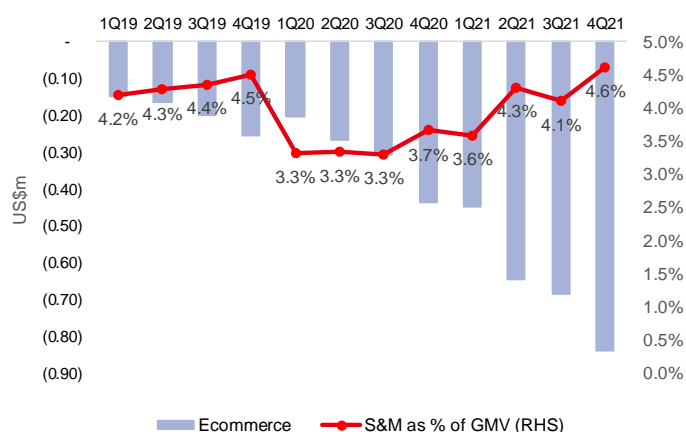
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Shopee's marketplace and product revenue trends



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: S&M expense for e-commerce



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Earnings revision

US\$m	New		Old		% Change	
	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Adjusted revenue	13,286	18,179	14,242	18,478	-6.7%	-1.6%
Gaming	3,085	3,369	4,930	4,906	-37.4%	-31.3%
Ecommerce	8,903	12,680	8,215	11,774	8.4%	7.7%
Digital Financial Services	1,225	2,037	1,025	1,705	19.5%	19.5%
Others	72	93	72	93	0.0%	0.0%
Adjusted EBITDA	(1,173)	512	(274)	741	327.7%	-30.9%
Gaming	1,697	1,853	2,922	2,877	-41.9%	-35.6%
Ecommerce	(2,103)	(880)	(2,342)	(1,207)	-10.2%	-27.1%
Digital Financial Services	(464)	(193)	(689)	(745)	-32.7%	-74.1%
Others	(304)	(267)	(165)	(183)	84.1%	45.9%
Reported GAAP net profit	(1,957)	(931)	(1,865)	(1,067)	4.9%	-12.8%
Adjusted net profit	(1,369)	(218)	(1,277)	(354)	7.2%	-38.5%
EPS (US\$)	(3.4)	(1.5)	(3.3)	(1.8)	3.0%	-15.1%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



- Gaming:** We lower our adjusted gaming revenue forecast by 31.3%-37.4% for FY22-23F on the back of weak FY22F guidance, factoring in moderation in gaming activities post-Covid-19 and Free Fire's India woes. We lower our adjusted EBITDA forecasts for FY22-23F to account for 1) higher OpEx as Garena looks to further strengthen engagement with its gamer base through initiatives including social media, influencers and e-sports events and 2) higher spend to drive growth for new games to be launched.
- E-commerce:** We raise our e-commerce revenue forecasts for FY22-23F by 7.7%-8.4% as we remain confident on 1) continued growth in ecommerce penetration in Southeast Asia, 2) higher take rates, as well as 3) higher contribution from Shopee's new initiatives, including expansion into the Latin America and Europe markets. We also factor in lower losses as SE guided for a more sustainable growth ahead with Shopee targeted to achieve positive EBITDA in Southeast Asia/Taiwan markets by FY22F.
- Digital financial services:** With continued growth in the mobile wallet space, we believe Shopee could see a further ramp-up in revenue growth for its digital financial services. We also expect medium-term growth to be driven by contributions from Shopee's digital bank. We expect revenue to surge on a low base, and raise our DFS revenue

assumptions by 19.5% for FY22-23F. We also forecast narrowing DFS losses with SE guiding for DFS turning positive cash flow by FY23F.

Figure 8: Sum-of-parts (SOP) valuation

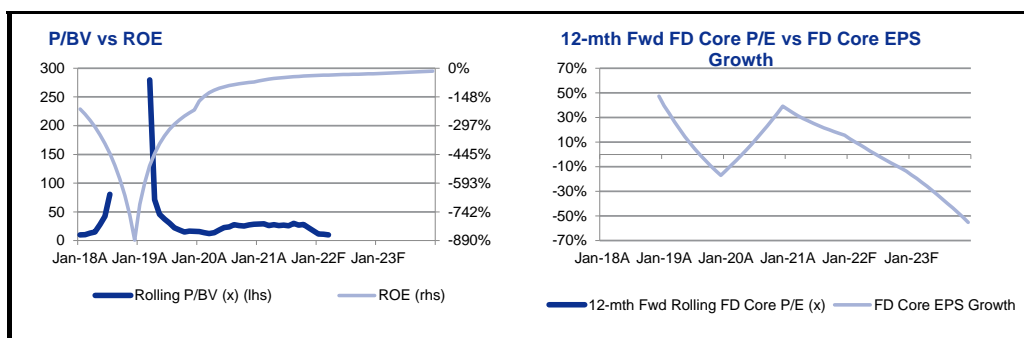
Segment	Basis	Multiple (x)	Base value (US\$m)	Valuation (US\$m)	Per ADR (US\$)	% of SOP	Notes:
Gaming - Garena	FY23F P/E (cash-adjusted)	10.0	1,418	14,184	23.4	12%	At discount to sector average given reliance on Free Fire
Ecommerce - Shopee	FY23F P/Sales	7.0	12,680	88,760	146.1	73%	-0.5 s.d. below average of close industry comps
Digital financial services - SeaMoney	FY23F P/TPV (Price to Total Payment Value)	0.2	65,650	13,130	21.6	11%	In line with industry mean
Net cash/(debt)	As of end FY22F		6,342	6,342	10.4		
Total equity value	SOP			122,417	202		
No. of shares outstanding (m)				607.4			
Equity value per share (US\$)				202.0			CGS-CIMB Research's target price

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Refinitiv ESG Scores	
	
<p>ESG in a nutshell</p> <p>SE actively engages in CSR activities and is committed to the UN Sustainable Development Goals (SDGs) in the areas of education, decent work and economic growth, reducing inequalities, health and well-being and partnerships with international organisations, government-linked bodies and educational institutions. SE maintains a good employee diversity profile with an almost equal gender mix of males and females from over 50 nationalities. Its continued localised approach across markets can help its merchants draw more customers onto its platform to provide more selling opportunities. This in turn raises household income and creates employment to narrow the income inequality gap in rural and emerging regions in ASEAN.</p>	
<p>Keep your eye on</p> <p>SE adopts a hyperlocalisation strategy for its offerings across its three platforms – digital entertainment, e-commerce and digital financial services which can raise household income and create employment to narrow the income inequality gap, especially in rural and emerging regions in ASEAN.</p> <p>For example, Shopee has enabled 57% of Indonesian MSMEs to generate higher profits compared to other marketplaces in the country and provides merchants with a platform to expand regionally, creating additional streams of revenue for its merchants.</p>	<p>Implications</p> <p>We believe SE’s hyperlocalisation strategy is key to its success in ASEAN. As more consumers get attracted to SE’s ecosystems, existing merchants will be able to derive greater sales revenue, in turn attracting more new merchants onto the platform thereby expanding product offerings available, and increasing user stickiness on SE’s platforms. This will drive further monetisation for SE through higher take rates, and stronger average revenue per user (ARPU) and average revenue per paying user (ARPPU), bringing it closer to profitability.</p>
<p>ESG highlights</p> <p>SE maintains a good diversity profile. Its gender ratio of male to female employees is 54:46 as of 1 Jan 2021, and its workforce comprises employees from over 50 nationalities.</p>	<p>Implications</p> <p>This is positive for SE as it underscores SE’s commitment to the UN SDGs in ensuring equality and does not discriminate based on gender or nationality.</p>
<p>Trends</p> <p>As SE’s sustainability report for 2020 is its first, there are no meaningful trends we can observe.</p>	<p>Implications</p> <p>Not meaningful.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS



Profit & Loss

(US\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	4,565	10,243	14,423	18,932	24,183
Gross Profit	1,539	4,184	5,674	8,198	10,423
Operating EBITDA	(1,123)	(1,304)	(1,128)	60	1,039
Depreciation And Amortisation	(181)	(279)	(388)	(483)	(585)
Operating EBIT	(1,303)	(1,583)	(1,516)	(423)	454
Financial Income/(Expense)	(123)	(103)	(120)	(120)	(120)
Pretax Income/(Loss) from Assoc.	1	5	6	8	8
Non-Operating Income/(Expense)	(56)	(29)	0	0	0
Profit Before Tax (pre-EI)	(1,482)	(1,710)	(1,630)	(535)	342
Exceptional Items	(0)	0	0	0	0
Pre-tax Profit	(1,483)	(1,710)	(1,630)	(535)	342
Taxation	(142)	(333)	(323)	(393)	(478)
Exceptional Income - post-tax					
Profit After Tax	(1,624)	(2,043)	(1,954)	(928)	(135)
Minority Interests	6	(4)	(3)	(3)	(3)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	(1,618)	(2,047)	(1,957)	(931)	(138)
Recurring Net Profit	(1,618)	(2,047)	(1,957)	(931)	(138)
Fully Diluted Recurring Net Profit	(1,618)	(2,047)	(1,957)	(931)	(138)

Cash Flow

(US\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	(1,123)	(1,304)	(1,128)	60	1,039
Cash Flow from Inv. & Assoc.	(1)	(5)	(6)	(8)	(8)
Change In Working Capital	1,501	2,601	819	1,336	1,623
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	304	(980)	267	325	394
Net Interest (Paid)/Received	(123)	(103)	(120)	(120)	(120)
Tax Paid	(2)	0	0	0	0
Cashflow From Operations	556	209	(168)	1,592	2,927
Capex	(357)	(500)	(650)	(780)	(936)
Disposals Of FAs/subsidiaries	21	0	0	0	0
Acq. Of Subsidiaries/investments	(297)	(307)	(400)	(479)	(575)
Other Investing Cashflow	(254)	0	0	0	0
Cash Flow From Investing	(887)	(807)	(1,049)	(1,259)	(1,511)
Debt Raised/(repaid)	779	800	800	800	800
Proceeds From Issue Of Shares	2,970	3,498	297	297	297
Shares Repurchased					
Dividends Paid					
Preferred Dividends					
Other Financing Cashflow	(16)	0	0	0	0
Cash Flow From Financing	3,733	4,298	1,097	1,097	1,097
Total Cash Generated	3,402	3,699	(120)	1,430	2,513
Free Cashflow To Equity	448	201	(417)	1,133	2,216
Free Cashflow To Firm	(183)	(460)	(1,057)	493	1,576

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(US\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	7,179	11,749	11,629	13,059	15,572
Total Debtors	1,723	3,307	4,355	5,105	5,973
Inventories	64	117	152	200	252
Total Other Current Assets	0	0	0	0	0
Total Current Assets	8,966	15,174	16,136	18,364	21,797
Fixed Assets	386	1,030	1,254	1,505	1,802
Total Investments	190	1,053	1,458	1,946	2,529
Intangible Assets	256	592	630	675	730
Total Other Non-Current Assets	656	907	932	962	998
Total Non-current Assets	1,489	3,582	4,274	5,088	6,059
Short-term Debt	0	100	100	100	100
Current Portion of Long-Term Debt	0	0	0	0	0
Total Creditors	4,509	6,709	8,620	10,765	13,321
Other Current Liabilities	127	368	368	368	368
Total Current Liabilities	4,636	7,176	9,087	11,233	13,789
Total Long-term Debt	0	0	0	0	0
Hybrid Debt - Debt Component	1,840	3,476	4,276	5,076	5,876
Total Other Non-Current Liabilities	557	672	688	706	728
Total Non-current Liabilities	2,398	4,148	4,963	5,782	6,604
Total Provisions	2	7	7	7	7
Total Liabilities	7,035	11,332	14,058	17,021	20,400
Shareholders' Equity	3,383	7,399	6,323	6,399	7,421
Minority Interests	37	26	29	32	35
Total Equity	3,420	7,424	6,352	6,431	7,456

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	101%	128%	41%	31%	28%
Operating EBITDA Growth	46%	16%	(13%)	N/A	1643%
Operating EBITDA Margin	(25.7%)	(13.1%)	(8.0%)	0.3%	4.4%
Net Cash Per ADS (US\$)	11.05	14.79	12.24	12.67	15.24
BVPADS (US\$)	7.00	13.39	10.67	10.28	11.78
Gross Interest Cover	(8.79)	(11.39)	(9.48)	(2.65)	2.84
Effective Tax Rate	0%	0%	0%	0%	140%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	23.00	13.77	19.98	26.77	27.70
Inventory Days	5.51	5.47	5.62	5.99	6.01
Accounts Payables Days	193.8	177.7	172.3	168.9	159.0
ROIC (%)	132%	82%	108%	7%	(41%)
ROCE (%)	(33.1%)	(19.6%)	(13.6%)	(3.4%)	3.9%
Return On Average Assets	(19.3%)	(13.4%)	(9.5%)	(4.1%)	0.6%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Game QAU (m)	521.2	689.3	447.6	459.8	497.7
Game QPU (m)	56.0	85.6	53.9	56.7	62.4
Game paying ratio (%)	10.7%	12.4%	12.1%	12.3%	12.5%
GMV (USD 'm)	35,532.1	62,664.8	95,433.9	132,097.8	173,021.0
E-commerce take-rate (%)	7.0%	0.0%	0.0%	0.0%	0.0%

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Corporate Governance Report:

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 - 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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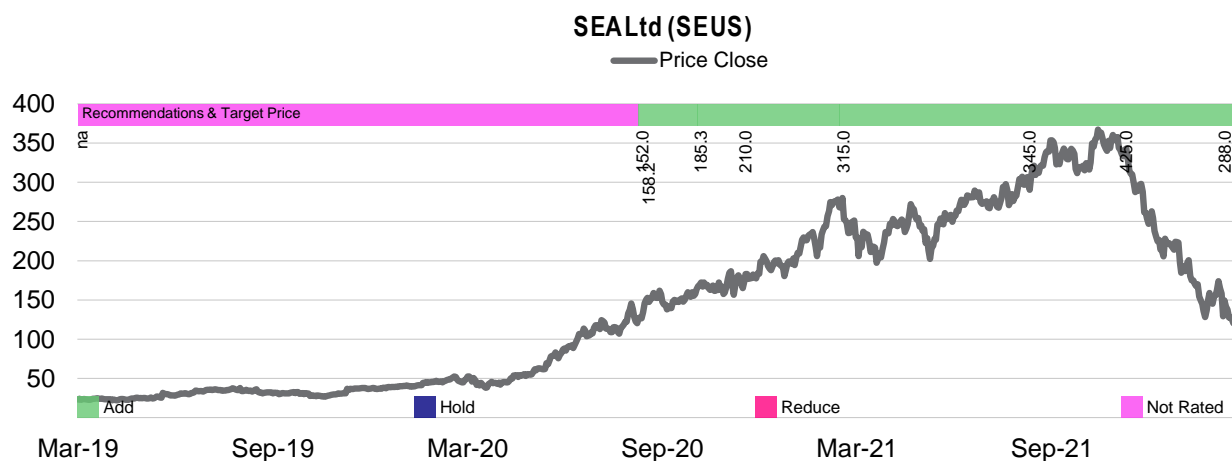
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	0.0%
Reduce	7.1%	0.0%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework

Stock Ratings

Definition:

Add The stock's total return is expected to exceed 10% over the next 12 months.

Hold The stock's total return is expected to be between 0% and positive 10% over the next 12 months.

Reduce The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.

Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.

Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.

Neutral A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.

Underweight An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

