

Brazil TMT

TMT Morning Radar: Foreign Marketplace sales drop 40% YoY

Industry Overview

Foreign Marketplace sales drop 40% YoY

New data from the Central Bank reveals a nearly 40% YoY drop in the monthly volume of international remittances in November 2023, reaching US\$952mn. This involves sales from foreign marketplaces, like Shopee, AliExpress, Shein and Amazon.

Our take: Likely cause of YoY deceleration in sales

During Black Friday, most market data suggested that overall e-commerce sales were down YoY, but at the same time company specific data for VTEX and others suggest a significant acceleration (see: Black Friday sales disappoint, and [VTEX: Another strong performance during Black Friday](#)). This new set of data showing a slowdown in international remittances is probably one of the main reasons why overall sales declined and gives us more confidence on a sustainable pick up for local players like VTEX. We keep our Buy rating and PO of USD8.5 for VTEX.

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Equity
Brazil
Telecommunications, Media and Technology

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Price objective basis & risk

VTEX (VTEX;C-1-9;US\$6.81)

Our \$8.5 PO is based on DCF-to-Firm from 2023E-2035E that assumes a weighted average cost of capital of 12.9% which considers a 300bps country risk to Brazil (c.60% of revenues), a 6% market premium and 3% risk free rate. We also assume a 6% perpetuity growth rate (g) and a capital structure of 95% equity and 6.6% debt.

Risks to our PO are: reopening headwinds, difficult growth comparisons for 2021 due to COVID tailwinds in 2020, increased competition from pure-play and larger software platforms globally, lower sales efficiency, miss-execution in regions outside Brazil, FX and macro risks, and a general macro-economic slowdown.

Analyst Certification

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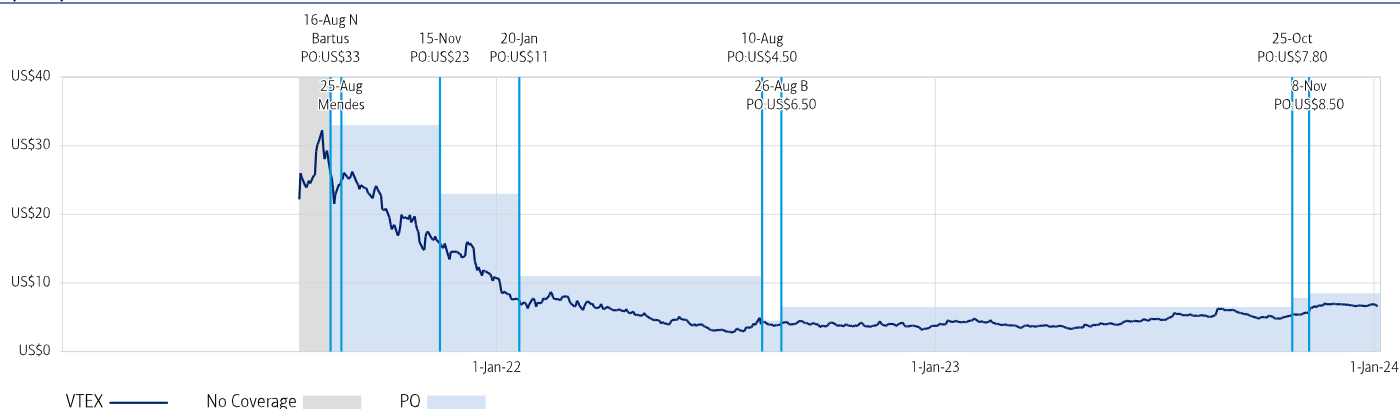
Latin America - Telecom Services and Information Technology Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	America Movil	AMX	AMX US	Fred Mendes, CFA
	America Movil	AMXVF	AMXB MM	Fred Mendes, CFA
	Desktop S.A	XNUKF	DESK3 BZ	Fred Mendes, CFA
	Eletromidia	XSUHF	ELMD3 BZ	Fred Mendes, CFA
	Locaweb	XZVMF	LWSA3 BZ	Fred Mendes, CFA
	Telefonica Brasil	XCPTF	VVT3 BZ	Fred Mendes, CFA
	Telefonica Brasil	VIV	VIV US	Fred Mendes, CFA
	Televisa	TV	TV US	Fred Mendes, CFA
	Televisa	GRPFF	TLEVICPO MM	Fred Mendes, CFA
	TIM Brasil	TIMB	TIMB US	Fred Mendes, CFA
	TIM Brasil	XZUAF	TIMS3 BZ	Fred Mendes, CFA
	TOTVS	XBEGF	TOTS3 BZ	Fred Mendes, CFA
	VTEX	VTEX	VTEX US	Fred Mendes, CFA
NEUTRAL				
	Intelbras S.A.	XLTXF	INTB3 BZ	Fred Mendes, CFA
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VTEX (VTEX) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Media & Entertainment Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	35	53.85%	Buy	15	42.86%
Hold	15	23.08%	Hold	8	53.33%
Sell	15	23.08%	Sell	7	46.67%

Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

Equity Investment Rating Distribution: Telecommunications Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	57	51.82%	Buy	43	75.44%
Hold	27	24.55%	Hold	17	62.96%
Sell	26	23.64%	Sell	12	46.15%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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