

## Sea Limited

## Recent checks from Indo &amp; Brazil; Shopee well placed despite high competition

Reiterate Rating: NEUTRAL | PO: 45.00 USD | Price: 34.82 USD

## Indo checks: Competition intense + Indo merchant's view

Our recent checks from Indonesia post TikTok's return do indicate an increased competitive intensity (may change post-trial period for TikTok-Tokopedia). We also found Shopee gaining ground on live streaming. Takeaways from an Indo merchant/affiliate we hosted: **1)** Post the integration, TikTok Shops is like a new platform & merchants need to develop new API's to connect to it; **2)** While competition has increased post TikTok's re-entry, it is not irrational. TikTok is not subsidizing as much as earlier and Shopee's aggression versus 4Q has come down a bit. Perhaps platforms are also preparing for post-Ramadan season and therefore not being very aggressive right now; **3)** Post TikTok's re-entry, the competitor marketplaces are utilizing celebrity influencers to attract users on their platforms and to get more merchants try their live streaming services; **4)** Many of the earlier TikTok Shop users are still using TikTok to promote products but have made website/e-com pages and are landing the transactions there by redirecting. Maintain Neutral rating.

## Recent checks/latest updates on Shopee's Brazil business

**1)** Shopee has been making good progression towards batched deliveries, higher last mile deliveries & while it was a bumpy transition – the results so far are good. Overall traffic for Shopee is up 50% from lows, MAU's are 10% higher & while frequency is not the highest, but it appears to be far more sustainable & less promotional; **2)** Shopee complaints are down very sharply and in context of heavier traffic & user growth this bodes well for them. The complaint numbers are down sequentially around 20%; **3)** In terms of logistics. Shopee has been expanding aggressively and now has 1.4K+ pickup & drop off locations, 9 cross-docking facilities, 100+ last mile locations & these are far superior to any cross-border players; **4)** Shopee is also accelerating the growth pedal on its affiliate program in Brazil and now have 2mn affiliates/micro & macro influencers. They have the easiest onboarding process criteria related to activity on social media, followers etc and approvals usually happen within 2-3 days. Post our recent checks, we cut our FY24-25 EPS by 15/36% to factor higher than expected competition. We also reduce our multiples of digital/e-com biz from 5.5X/0.2X to 5.0X/0.15X to factor peer multiples and higher e-com competition. As a result, our SOTP moves to \$45.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
Net Income (Adjusted - mn)	(2,010)	(1,399)	196	712	1,335
EPS	(3.96)	(2.97)	0.351	1.27	2.39
EPS Change (YoY)	-16.7%	24.9%	NM	262.7%	87.6%
Dividend / Share	0	0	0	0	0
Free Cash Flow / Share	(0.759)	(3.12)	3.51	(1.51)	1.44
<b>Valuation (Dec)</b>					
P/E	NM	NM	99.07x	27.31x	14.56x
EV / EBITDA*	NM	NM	25.84x	14.10x	8.07x
Free Cash Flow Yield*	-2.02%	-8.70%	10.08%	-4.34%	4.15%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 9.

18 January 2024

## Equity

## Key Changes

(US\$)	Previous	Current
Price Obj.	55.00	45.00
2023E EPS	1.15	0.35
2024E EPS	1.98	1.27
2025E EPS	2.81	2.39

## Sachin Salgaonkar &gt;&gt;

Research Analyst  
BofAS India  
+91 22 6632 8667  
sachin.salgaonkar@bofa.com

## Robert E. Ford Aguilar, CFA

Research Analyst  
BofAS  
robert.e.ford@bofa.com

## Sukriti Bansal &gt;&gt;

Research Analyst  
Merrill Lynch (Singapore)  
sukriti.bansal@bofa.com

## Shalav Saket &gt;&gt;

Research Analyst  
BofAS India  
shalav.saket@bofa.com

## Stock Data

Price	34.82 USD
Price Objective	45.00 USD
Date Established	18-Jan-2024
Investment Opinion	C-2-9
52-Week Range	34.35 USD-88.84 USD
Mrkt Val / Shares Out (mn)	19,434 USD / 558.1
Average Daily Value (mn)	322.88 USD
Free Float	11.0%
BofA Ticker / Exchange	SE / NYS
Bloomberg / Reuters	SE US / SE.N
ROE (2023E)	3.4%
Net Dbt to Eqty (Dec-2022A)	-27.12%

Glossary on page 5

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Timestamp: 18 January 2024 09:34AM EST

# iQprofile<sup>SM</sup> Sea Limited

Key Income Statement Data (Dec)	2021A	2022A	2023E	2024E	2025E
(US\$ Millions)					
Sales	9,955	12,450	13,022	15,488	18,306
Gross Profit	3,764	4,989	5,827	6,984	8,328
Sell General & Admin Expense	(4,803)	(5,025)	(4,558)	(5,304)	(5,789)
Operating Profit	(1,583)	(1,133)	162	657	1,486
Net Interest & Other Income	(132)	(322)	262	291	294
Associates	0	0	0	0	0
Pretax Income	(1,715)	(1,454)	424	949	1,780
Tax (expense) / Benefit	(333)	(168)	(210)	(237)	(445)
Net Income (Adjusted)	(2,010)	(1,399)	196	712	1,335
Average Fully Diluted Shares Outstanding	518	542	558	558	558

## Key Cash Flow Statement Data

Net Income	(2,053)	(1,611)	196	712	1,335
Depreciation & Amortization	278	454	449	462	470
Change in Working Capital	(787)	(1,083)	(161)	(1,607)	(938)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	2,771	1,185	2,010	231	518
Cash Flow from Operations	209	(1,056)	2,494	(203)	1,385
Capital Expenditure	(602)	(635)	(535)	(641)	(579)
(Acquisition) / Disposal of Investments	(500)	0	0	0	0
Other Cash Inflow / (Outflow)	(2,665)	(1,794)	(172)	232	235
Cash Flow from Investing	(3,767)	(2,429)	(707)	(409)	(344)
Shares Issue / (Repurchase)	3,498	0	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Cash Flow from Financing	7,402	400	50	50	50
Free Cash Flow	(394)	(1,691)	1,959	(844)	806
Net Debt	(4,994)	(1,576)	(3,363)	(2,751)	(3,792)
Change in Net Debt	(920)	3,418	(1,788)	612	(1,041)

## Key Balance Sheet Data

Property, Plant & Equipment	1,680	2,346	1,302	1,497	1,577
Other Non-Current Assets	1,941	1,969	2,352	1,904	1,932
Trade Receivables	NA	NA	NA	NA	NA
Cash & Equivalents	9,248	6,030	7,867	7,305	8,396
Other Current Assets	5,888	6,658	5,748	7,828	9,259
Total Assets	18,756	17,003	17,269	18,534	21,165
Long-Term Debt	3,967	4,096	4,146	4,196	4,246
Other Non-Current Liabilities	188	191	1,243	1,273	2,026
Short-Term Debt	286	358	358	358	358
Other Current Liabilities	6,890	6,577	5,506	5,979	6,472
Total Liabilities	11,332	11,222	11,253	11,806	13,103
Total Equity	7,424	5,811	6,016	6,728	8,062
Total Equity & Liabilities	18,756	17,033	17,269	18,534	21,165

## iQmethod<sup>SM</sup> - Bus Performance\*

Return On Capital Employed	-15.7%	-8.2%	2.2%	6.1%	10.0%
Return On Equity	-37.3%	-21.3%	3.4%	11.4%	18.3%
Operating Margin	-15.9%	-9.1%	1.2%	4.2%	8.1%
EBITDA Margin	-13.1%	-5.5%	4.7%	7.2%	10.7%

## iQmethod<sup>SM</sup> - Quality of Earnings\*

Cash Realization Ratio	NM	NM	12.7x	-0.3x	1.0x
Asset Replacement Ratio	2.2x	1.4x	1.2x	1.4x	1.2x
Tax Rate (Reported)	NM	NM	49.5%	25.0%	25.0%
Net Debt-to-Equity Ratio	-67.3%	-27.1%	-55.9%	-40.9%	-47.0%
Interest Cover	-11.4x	-7.3x	3.9x	14.5x	32.4x

## Key Metrics

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 9.

## Company Sector

Internet/e-Commerce

## Company Description

Sea Limited is a mobile and PC gaming platform and developer (Garena) and an e-commerce marketplace operator (Shopee) in ASEAN, Taiwan and Brazil. Its first self-developed game, "Free Fire," has a global user base. Sea also runs a digital payments platform supporting the two businesses (SeaMoney). Sea Ltd is headquartered in Singapore and was founded in 2009.

## Investment Rationale

We have a Neutral rating on Sea Limited. In our view, it is placed well in to ride e-com boom in SE Asia given increasingly dominant online marketplace (Shopee), while its expansion into Brazil offers further growth upside potential in LT. However, we see growth slowdown, high competition and expect lower GMV growth on e-com and continued slow down of Free Fire/overhang from lack of a new game. TikTok also poses competitive risks on e-com and Shopee seeks to defend its market leadership position

## Stock Data

Price to Book Value

3.3x

## Recent checks from Indonesia & Brazil

### Key takeaways from Indo merchant/affiliate we hosted

While the merchant/affiliate's views may not be reflective of all merchants on the ground, a few key points from our call are:

- **TikTok Shop not the same post re-entry-** Post the integration, technically TikTok Shops is like a new platform & merchants need to develop new API to connect to the new platform. The tech and systems post re-launch now are different & enablers and brands – cannot restart their TikTok Shops experience as easily as earlier.
- **Tiktok merchants are now local-** Merchants on TikTok now are local sellers but products they're selling maybe imported; fashion & health/beauty are the key categories being sold right now.
- **Promotions haven't been aggressive-** TikTok is not subsidizing much post re-entry but used to have 20-30% discounts for selected sellers earlier; Shopee has a marketing budget but only for some sellers and gives up to 50% discounts to some of these celebrity sellers. Perhaps platforms are also preparing for post-Ramadan season and therefore not being very aggressive right now.
- **Free shipping is getting selective-** delivery prices across Indonesian range from \$1-\$6 per kg and even up to \$10 per kg in a few remote locations – while the AOV of a product sold is only \$10. Hence free shipping is not economical. Therefore, players like Shopee have been limiting minimum transaction or are more promoting Shopee Live, rather than promoting free shipping or discounts etc.
- **Increasing influencer and celebrity sellers-** Post Tiktok's re-entry, competitor marketplaces are using celebrities to attract users on their platforms- to get more merchants to try their live streaming services. Even some sellers tried to use celebrities just to engage the audience for watching the live streaming typically like a one-time investment & hope audience to be a loyal customer.
- **Fees gradually have risen:** In terms of pricing, TikTok had 1-2% revenue sharing & only Rp 2K above that. This has gradually increased. Most of the marketplaces ranged 3-5% earlier & for last 2 years the range is 5-10% (includes revenue sharing for live streaming) + service fee. Delivery fee is separate but mostly paid by end consumers and sometimes sellers are also asked to chip in some amount. For additional services, sometimes service fee/platform fee are also starting to get included as part of the transactions.
- **Many TikTok Shop users are redirecting sales** - Many previous TikTok Shop users are still using TikTok to promote products but have made website/e-com pages and are landing the transactions there. While TikTok Shops is now open, some brands also have redirected/opened links to the other competitor platforms.
- **Shopee Live features are also good-** In terms of features on execution part, Shopee Live also has a good interface. As per the merchant, some features of campaign management on TikTok are also not as flexible as marketplaces. Shopee also has affiliate program & allow people to upload videos, talk about their products & the affiliate can get commissions on sales.

#### Exhibit 1: SE Asia eC market size by country

SE Asia eC market size is expected to by 14% in 2024 and 10% in 2025

e-com mkt size (US\$ mn)	2018	2019	2020	2021	2022	2023E	2024E	2025E
Indonesia	11,398	16,422	26,269	42,438	55,990	70,079	78,493	82,877
% yoy	39%	44%	60%	62%	32%	25%	12%	6%
Thailand	4,288	5,312	9,337	17,031	17,422	20,602	23,504	26,648
% yoy	12%	24%	76%	82%	2%	18%	14%	13%
Vietnam	3,820	4,740	8,287	12,106	15,006	18,154	21,638	25,591

**Exhibit 1: SE Asia eC market size by country**

SE Asia eC market size is expected to be 14% in 2024 and 10% in 2025

e-com mkt size (US\$ mn)	2018	2019	2020	2021	2022	2023E	2024E	2025E
% yoy	55%	24%	75%	46%	24%	21%	19%	18%
Philippines	1,027	1,693	2,981	4,614	5,621	7,336	9,269	11,395
% yoy	45%	65%	76%	55%	22%	31%	26%	23%
Malaysia	2,760	3,676	4,917	6,237	6,788	7,506	8,283	9,187
% yoy	30%	33%	34%	27%	9%	11%	10%	11%
Singapore	1,415	1,521	2,266	2,706	2,585	2,910	3,220	3,551
% yoy	22%	7%	49%	19%	-4%	13%	11%	10%
<b>SE Asia</b>	<b>24,708</b>	<b>33,364</b>	<b>54,057</b>	<b>85,131</b>	<b>103,413</b>	<b>126,587</b>	<b>144,407</b>	<b>159,248</b>
% yoy	22%	35%	62%	57%	21%	22%	14%	10%

Source: Euromonitor

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**Brazil e-commerce: Key updates from the ground**

- Sellers we spoke with are using Shopee's managed network to be faster & they appear to be lowering costs due to inventory being built up by batching order volumes in neighborhoods –costs have come down with improving speeds. Shopee's BNPL value of credit product is much smaller when compared to MELI.
- Post Remessa Conforme, the consumer experience is deteriorating. While it was positioned to speed things up, now the packages are being returned in large nos. (as high as 20%), creating uncertainties and taking longer for delivery; The compliance enforcement seems to be decelerating/contracting growth rates of cross border
- Competition & live streaming: Temu is present in Mexico & Chile, but not yet in Brazil. TikTok Shops may soon be launching in Brazil. MELI has gone heavy in seller content for short form ad video
- Counterfeit is still an issue that the government would be looking to address

In our view, it is too early to call out the top 3-4 winners in the market and if Shopee would be amongst the top few players as competition remains intense. Incumbents like MELI & Amazon are well positioned, cross-border players like AliExpress, Shein are looking to gain share and threat from new entrants like Temu, TikTok also looms in.

**Exhibit 2: App & Website Traffic Indicators – Brazil eCommerce headline**

App &amp; Website Traffic Indicators – Brazil eCommerce headline

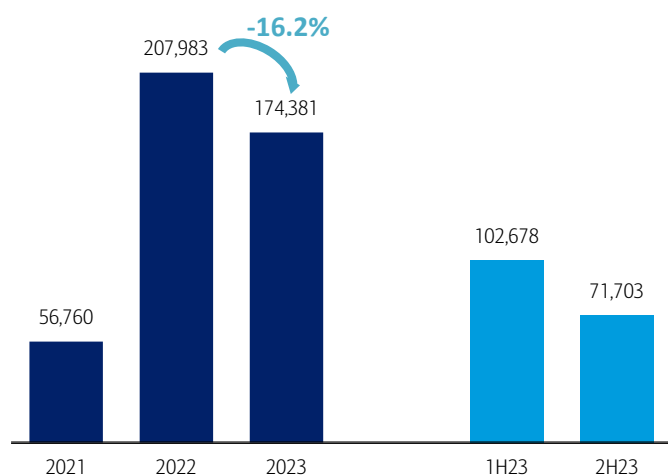
	App & URL traffic			App traffic			4Q23/4Q22 URL Traffic		Organic traffic		Paid traffic		MAU	Bounce	Frequency	Duration
	Share	Inc/Dec	Growth	% of traffic	% chg	% of MAU	% of traffic	% chg	% of URL	% chg	% of URL	% chg	% chg	% chg	% chg	% chg
Shopee	47.1%	-0.7p.p	21.9%	93.7%	24.0%	59.4%	6.3%	-3.2%	76.5%	-8.6%	23.5%	20.3%	5.8%	-17.0p.p	15.2%	-31.7%
Shein	31.7%	-0.8p.p	20.7%	99.2%	21.7%	89.0%	0.8%	-39.7%	61.1%	-28.0%	38.9%	-51.9%	0.7%	-13.8p.p	19.9%	-39.8%
Alibaba Group	10.8%	+2.3p.p	35.2%	93.9%	41.7%	64.7%	6.1%	-20.7%	68.7%	-19.2%	31.3%	-24.0%	2.0%	-16.9p.p	32.5%	-21.3%
Wish	0.1%	-0.2p.p	-60.7%	100.0%	-60.7%	100.0%	NA	NA	NA	NA	NA	NA	-59.1%	NA	-3.9%	-35.3%

Source: SensorTower, Similarweb, BofA Global Research; Share of category traffic; Organic traffic based solely on URL accesses; Bounce based on URL traffic immediately exiting landing page; Frequency & Duration includes both App and URL.

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**Exhibit 3: Shopee complaints falling, displaying a good year-end momentum**

Total Complaints, Reclame Aqui



Source: Reclame Aqui, BofA Global Research

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**Exhibit 4: Cross-border purchases contracted in October as authorities push aggressively for compliance**

Estimated cross-border purchases in Brazil (USD) - % chg y/y



Source: Banco Central do Brasil, MCM, BofA Global Research

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**Exhibit 5: Summary of affiliate programs**

Shopee reached 2 million affiliates in its program

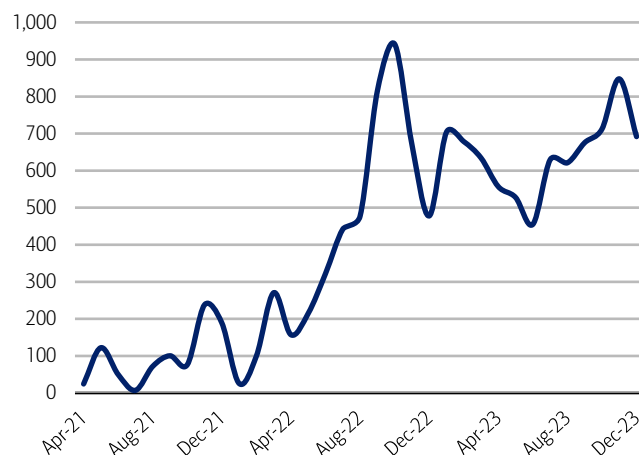
	Shopee	MELI	AliExpress	Amazon	Shein
<b>Launch</b>	Apr-21	Aug-23	NA	Jan-14	NA
<b>Approval Period</b>	3 days	15 days	NA	NA	15 days
<b>Total</b>	2mn	NA	NA	NA	NA
<b>Commissions</b>	3% or 15%	9% to 16%	0% to 9%	7% to 15%	2% or 8%
<b>Distribution Restriction</b>	None	WhatsApp, Telegram	None	WhatsApp, Telegram	None
<b>Earnings Cap per Month</b>	R\$15K	None	NA	NA	NA

Source: BofA Global Research; Shopee: 3% commission for existing Shopee clients, 15% for first time buyers; MELI & Amazon: Commissions vary across product categories; Shein: Micro influencer must be based on Brazil. Amount of new micro-influencers are limited to 3K/month. 2% is applied for customers that already made purchased at Shein, while 8% is applied for new customers

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**Exhibit 6: Shopee's affiliate program website: Brazil, traffic, mn**

Traffic to Shopee's affiliate program website increased 57.4% y/y in 2023



Source: Similarweb

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**Glossary:**

API: Application programming interface

MAU: Monthly active users

AOV: Average order value

BNPL: Buy now pay later

MELI: MercadoLibre

## Price objective basis & risk

### Sea Limited (SE)

Our PO of USD45 is based on a sum-of-the-parts valuation. We value Garena's gaming business at USD10 per share or 5x 2024E EV/EBITDA, which is at a discount to global peers.

The Shopee business is valued at USD24 per share based on 0.15x 2024E EV/GMV and in our view fairly reflects Shopee's growth, dominant position but rising competition and optionality in Brazil.

We value its Digital Banking unit at 1x EV/IC given growth optionality, its SeaMoney digital payments business at 0.05x EV/TPV for 2024E, and Sea Capital PE fund at 1.2x EV/IC.

Upside risks: 1) faster-than-expected revenue growth with profitability, 2) good traction of more self-developed games

Downside risks: 1) continued higher losses, 2) higher competition in SE Asia e-com markets, leading to slowing revenue growth

## Analyst Certification

I, Sachin Salgaonkar, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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	Agora	API	API US	Daley Li, CFA
	AiHuiShou	RERE	RERE US	Joyce Ju
	Alibaba Group	BABA	BABA US	Joyce Ju
	Alibaba Group	BABAF	9988 HK	Joyce Ju
	Alibaba Health	ALBHF	241 HK	Miranda Zhuang, CFA
	Baidu.com	BIDU	BIDU US	Miranda Zhuang, CFA
	Baidu.com	BAIDF	9888 HK	Miranda Zhuang, CFA
	Bilibili	BILI	BILI US	Lei Zhang
	Bilibili	BLBLF	9626 HK	Lei Zhang
	CAR Group	CRSLF	CAR AU	Sriharsh Singh
	Chinasoft International	CFTLF	354 HK	Daley Li, CFA
	Cloud Music	XWJF	9899 HK	Lei Zhang
	Com2uS Corp	XOYAF	078340 KS	Jeehoon Jeong, CFA
	DBAPPSecurity	XDBAF	688023 CH	Daley Li, CFA
	Delhivery	XDVLf	DELHIVER IN	Sachin Salgaonkar
	Dingdong	DDL	DDL US	Joyce Ju
	East Money	XEQTF	300059 CH	Michael Li
	Grab Holdings	GRAB	GRAB US	Sachin Salgaonkar
	Hello Group	MOMO	MOMO US	Lei Zhang
	Huntsun Technologies	XYTGF	600570 CH	Daley Li, CFA
	HYBE	XBGOF	352820 KS	Susie Lee
	iQIYI	IQ	IQ US	Lei Zhang
	JD Health	JDHIF	6618 HK	Miranda Zhuang, CFA
	JD.com	JD	JD US	Joyce Ju
	JD.com	JDCMF	9618 HK	Joyce Ju
	JYP Entertainment	ALNNF	035900 KS	Susie Lee
	Kingdee International Software	KGDEF	268 HK	Daley Li, CFA
	Kingsoft Corporation	KSFTF	3888 HK	Daley Li, CFA
	Kuaishou	KUASF	1024 HK	Lei Zhang
	Makemytrip Limited	MMYT	MMYT US	Sachin Salgaonkar
	Meituan	MPNGF	3690 HK	Lei Zhang
	Naver Corporation	NHNCF	035420 KS	Susie Lee
	NetEase	NETTF	9999 HK	Lei Zhang
	NetEase, Inc	NTES	NTES US	Lei Zhang
	Nine Entertainment Company	NNMTF	NEC AU	Alice Lei, CFA
	Paytm	XUXBF	PAYTM IN	Sachin Salgaonkar
	Pinduoduo Inc.	PDD	PDD US	Joyce Ju
	Plan B Media PCL	XMKTF	PLANB TB	Thititthep Nophaket
	PT Bukalapak.com	BKLPF	BUKA IJ	Sachin Salgaonkar
	PVR-Inox Ltd	PVRLF	PVRINOX IN	Sachin Salgaonkar
	REA Group	RPGRF	REA AU	Sriharsh Singh
	Tencent Holdings	TCTZF	700 HK	Miranda Zhuang, CFA
	Tencent Music	TME	TME US	Lei Zhang
	Tencent Music	XWFWF	1698 HK	Lei Zhang
	Tongcheng Travel	TNGCF	780 HK	Janet Yang
	Trip.com Group	TCOM	TCOM US	Joyce Ju
	Trip.com Group	TRPCF	9961 HK	Joyce Ju
	TUHU Car	XTCRF	9690 HK	Miranda Zhuang, CFA
	Venustech	XVCGF	002439 CH	Daley Li, CFA
	Vipshop Holdings	VIPS	VIPS US	Joyce Ju





**APR - Internet, Media and Software Coverage Cluster**

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Xero Limited	XROLF	XRO AU	Sriharsh Singh
	YG Entertainment	XYEIF	122870 KS	Susie Lee
	Yonyou Network	XYNIF	600588 CH	Daley Li, CFA
	YY	YY	YY US	Lei Zhang
	Zee Entertainment Enterprises	XZETF	Z IN	Sachin Salgaonkar
	Zomato Limited	XMWRF	ZOMATO IN	Sachin Salgaonkar

**NEUTRAL**

	AfreecaTV	WNTHF	067160 KS	Susie Lee
	Autohome	ATHM	ATHM US	Miranda Zhuang, CFA
	Autohome	XXYZF	2518 HK	Miranda Zhuang, CFA
	Baozun	BZUN	BZUN US	Joyce Ju
	Coupang	CPNG	CPNG US	Susie Lee
	Glodon Company	XGCOF	002410 CH	Daley Li, CFA
	GoTo Group	GTOFF	GOTO IJ	Sachin Salgaonkar
	Huya	HUYA	HUYA US	Lei Zhang
	Kakao Corp.	DAUCF	035720 KS	Susie Lee
	KE Holdings	BEKE	BEKE US	Miranda Zhuang, CFA
	KE Holdings	XSQRF	2423 HK	Miranda Zhuang, CFA
	Kingsoft Cloud	KC	KC US	Daley Li, CFA
	Kingsoft Cloud	KCLHF	3896 HK	Daley Li, CFA
	Krafton	XKINF	259960 KS	Susie Lee
	NCSOFT	NCSCF	036570 KS	Susie Lee
	Nykaa	XQQGF	NYKAA IN	Sachin Salgaonkar
	PB Fintech	XPFXF	POLICYBZ IN	Sachin Salgaonkar
	PropertyGuru	PGRU	PGRU US	Sachin Salgaonkar
	Sea Limited	SE	SE US	Sachin Salgaonkar
	Seek Limited	SKLTF	SEK AU	Sriharsh Singh
	Seven West Media	WANHF	SWM AU	Alice Lei, CFA
	The ONE Enterprise	XUFCF	ONEE TB	Thititthep Nophaket
	VGI Public Company Limited	XZQHF	VGI TB	Thititthep Nophaket
	Weimob	WEMXF	2013 HK	Daley Li, CFA
	WiseTech Global Limited	WTCHF	WTC AU	Ware Kuo
	XD Inc.	XDNCF	2400 HK	Lei Zhang

**UNDERPERFORM**

	Altium Limited	ALMFF	ALU AU	Ware Kuo
	Appen Ltd	APPEF	APX AU	Ware Kuo
	BEC World	XBJHF	BEC TB	Thititthep Nophaket
	CJ ENM	CJHOF	035760 KS	Susie Lee
	Douyu	DOYU	DOYU US	Lei Zhang
	Indiamart InterMesh Limited	XEITF	INMART IN	Sachin Salgaonkar
	Info Edge	IFOEF	INFOE IN	Sachin Salgaonkar
	Kakao Games	XKKGf	293490 KS	Susie Lee
	Kingsoft Office	XBKOF	688111 CH	Daley Li, CFA
	Ming Yuan Cloud	XWTAF	909 HK	Daley Li, CFA
	NavInfo	XWLHF	002405 CH	Daley Li, CFA
	Netmarble	XLGHF	251270 KS	Susie Lee
	Pearl Abyss Corp	XEPAF	263750 KS	Susie Lee
	Ping An Healthcare and Technology	PANHf	1833 HK	Miranda Zhuang, CFA
	Qi An Xin	XQTDf	688561 CH	Daley Li, CFA
	Technology One Limited	THNOF	TNE AU	Ware Kuo
	ThunderSoft	XSTSF	300496 CH	Daley Li, CFA
	Weibo Corporation	WB	WB US	Miranda Zhuang, CFA
	Weibo Corporation	WEIBF	9898 HK	Miranda Zhuang, CFA
	Zip Co Limited	ZIZTF	ZIP AU	Ware Kuo

**RVW**

	Dada Nexus	DADA	DADA US	Lei Zhang
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## iQmethod<sup>SM</sup> Measures Definitions

### Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

### Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

### Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

### Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

### Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash &amp; Equivalents

EBIT

### Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

### Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

### Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

### Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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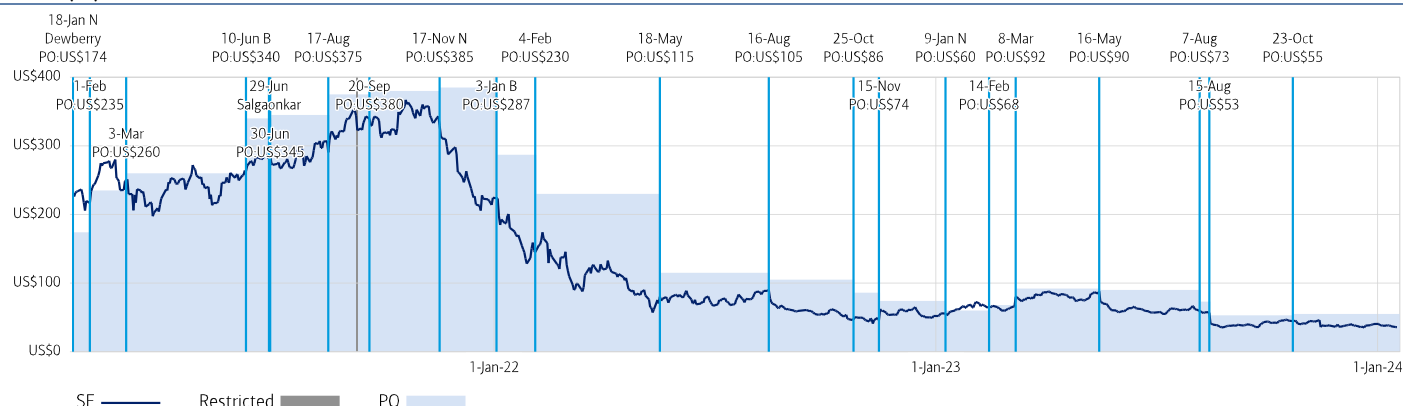
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B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

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

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	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: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	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%

<sup>R1</sup> 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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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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