UOBKayHian

Country Daily | Singapore

Wednesday, 11 November 2026



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52231.9	(0.3)	0.9	1.1	8.7
S&P 500	7520.9	(0.4)	(0.6)	(3.7)	9.9
FTSE 100	10751.6	(0.3)	1.1	1.9	8.3
AS30	9245.7	(0.2)	3.2	4.1	2.5
CSI 300	4059.1	0.1	1.3	(6.0)	(12.3)
FSSTI	5258.6	1.5	(0.9)	(2.7)	13.2
HSCEI	8265.8	0.1	4.1	1.4	(7.3)
HSI	24557.0	0.4	4.4	1.4	(4.2)
JCI	5125.7	1.0	4.5	(15.9)	(40.7)
KLCI	1604.1	(0.8)	(1.0)	(0.3)	(4.5)
KOSPI	5239.1	4.4	(7.3)	(20.9)	24.3
Nikkei 225	60459.6	2.9	(4.2)	(12.4)	20.1
SET	1496.3	1.6	0.4	(5.2)	18.8
TWSE	42711.9	2.5	(1.4)	(13.4)	47.5
BDI	2862	0.3	10.5	(1.9)	52.5
CPO (RM/mt)	4020	(4.5)	(7.6)	(7.9)	2.2
Brent Crude (US$/bbl)	92	(0.6)	(11.2)	(12.1)	51.2

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
1HFY27 Post Results briefing with Valuetronics Holdings Ltd (VALUE SP)	Singapore	11 Nov	11 Nov
Analyst Marketing by Johnny Yum on GC AI Sector	Taipei	17 Nov	18 Nov
Corporate Roadshow with NTT DC REIT (NTTDCR SP)	Bangkok	23 Nov	23 Nov
Corporate Roadshow with NTT DC REIT (NTTDCR SP)	Kuala Lumpur	25 Nov	25 Nov
Virtual Analyst Presentation by Jonathan Koh on S-REITs Results Wrap	Singapore	25 Nov	25 Nov
Regional 1H2027 Strategy Conference	Malaysia	02 Dec	02 Dec

Corporate and Macro Calendar

Economic Indicator/Event	Date
MAS 12-Week Bill Auction	11 Nov
MAS 36-Week Bill Auction	11 Nov
MAS 4-Week Bill Auction	11 Nov
Balance of Trade OCT	17 Nov

Top Stories

Company Results | SEA (SE US/**BUY**/US$77.96/Target: US$123.72)

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- SEA's 9M26 revenue and PATMI reached US$23.5b (+46% yoy) and US$1.4b (+15% yoy) respectively, ahead of our forecasts. In 3Q26, Shopee's monetisation improved, Monee's loan book expanded and Garena bookings recovered. We raise our 2026-28 earnings forecasts following these strong results. Maintain BUY with a lower SOTP-based target price of US$123.72 (US$181.18 previously), following a broader industry de-rating.

Market Spotlight

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- US stocks were lower on Tuesday. All indices fell as information technology, materials and utilites sectors lost. There were more decliners than advancers on both the NYSE and NASDAQ.
- The FSSTI rose 79.42 points to 5,258.59, on the back of strength in DBS, Seatrium and OCBC Bank. Both mid- and small-cap indices rose, with a broad market advance on S$2.76b turnover.

Technical Analysis

Jardine Matheson Southeast Asia (JCNC SP)

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- Trading Buy Range: S$24.07-24.08

First Resources (FR SP)

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- Trading Buy Range: S$2.58-2.59

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

SEA (SE US)

3Q26: Solid Delivery Across All Segments; Maintain BUY

Highlights

- 9M26 revenue of US$23.47b (+46% yoy) and PATMI of US$1.36b (+15% yoy) are ahead of the run-rate, representing 79% and 81% of our full-year forecasts respectively.
- In 3Q26, Shopee's take rate rose to 15%, Monee's loan book grew to US$12.6b (+60% yoy), and Garena bookings rebounded to US$890m (+6% yoy).
- Maintain BUY with a lower SOTP-based target price of US$123.72, after factoring a de-rating across peers into our SOTP valuation.

3Q26 Results

Year to 31 Dec (S$m)	3Q25	2Q26	3Q26	qoq%	yoy%
Revenue	5,986	7,788	8,582	10.2	43.4
Gross Profit	2,599	3,550	3,935	10.8	51.4
Adj. EBITDA	722	917	931	1.5	28.9
Digital Entertainment	314	430	458	6.5	45.9
E-Commerce	186	255	269	5.5	44.7
Digital Financial Service	258	288	298	3.5	15.5
Net profit	375	458	502	9.7	34.0
Core net profit	372	441	491	11.3	32.0
Gross Margin (%)	43.4%	45.6%	45.9%	+0.3bps	+2.5bps
Adj. EBITDA Margin (%)	12.1%	11.8%	10.9%	(0.9)bps	(1.2)bps

Source: SEA, UOB Kay Hian

Analysis

- **Revenue and earnings ahead of run-rate.** SEA reported 3Q26 revenue of US$8.58b (+43% yoy), while PATMI came in at US$491m (+32% yoy). 9M26 revenue and PATMI reached US$23.47b (+46% yoy) and US$1.36b (+15% yoy) respectively, representing 79.0% and 80.5% of our forecasts, supported by growth across all three core businesses. Adjusted EBITDA increased 29% yoy to US$931.3m, while gross margin improved yoy to 45.9% (+2.5bps), despite higher marketing expenses and credit loss provisions.
- **E-commerce (Shopee): Strong GMV growth and improving monetisation support profitability.** 3Q26 GMV reached a record US$39.7b (+23% yoy, +4% qoq), while revenue grew 41% yoy to US$6.07b, driven by a 51% yoy growth in core marketplace revenue and over 55% yoy advertising revenue growth. GAAP take rate improved to 15% from 13% in 3Q25. ShopeeVIP membership exceeded 21m, contributing nearly 25% of GMV. Adjusted EBITDA rose 45% yoy to US$269.2m, supported by improving unit economics. The company remains on track to achieve approximately 25% GMV growth and US$1.0b adjusted EBITDA in 2026.

Key Financials

Year to 31 Dec (US$m)	2024	2025	2026F	2027F	2028F
Net turnover	16,820	22,938	30,884	33,989	38,084
EBITDA	1,962	3,437	4,255	4,625	5,052
Operating profit	662	1,985	2,658	2,911	3,300
Net profit (rep./act.)	444	1,578	1,751	2,146	2,597
Net profit (adj.)	444	1,578	1,751	2,146	2,597
EPS (US$ cent)	83.4	265.2	286.4	351.0	424.8
PE (x)	93.5	29.4	27.2	22.2	18.4
P/B (x)	5.0	3.7	3.3	2.9	2.5
EV/EBITDA (x)	20.8	11.9	9.6	8.8	8.1
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net margin (%)	2.6	6.9	5.7	6.3	6.8
Net debt/(cash) to equity (%)	(29.5)	(48.9)	(49.1)	(51.9)	(56.5)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	5.9	15.1	13.0	13.9	14.5
Consensus net profit (US$m)	-	-	1,877	2,552	3,334
UOBKH/Consensus (x)	-	-	0.93	0.84	0.78

Source: SEA, Bloomberg, UOB Kay Hian

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BUY (Maintained)	
Share Price	US$77.96
Target Price	US$123.72
Upside	58.7%
Previous TP	US$181.18

Stock Data

GICS sector	Consumer Discretionary
Bloomberg ticker:	SE US
Shares issued (m):	567.0
Market Cap (US$m):	47,749.3
Market cap (US$m):	47,749.3

Price Performance (%)

52-week high/low				US$159.09/US$71.53
1mth	3mth	6mth	1yr	YTD
(18.2)	(31.3)	(10.1)	(48.0)	(38.9)

Major Shareholders (%)

-	-

Balance Sheet Metrics

FY26 NAV/Share (US$)	23.35
FY26 Net Cash/ Share (US$)	13.32

Price Chart



Source: Bloomberg

Company Description

Sea has developed an integrated platform consisting of digital entertainment, ecommerce and digital financial services, each localised to meet the unique characteristics of its markets.

- **Digital financial services (Monee): Strong credit expansion continues, although asset quality softens.** 3Q26 revenue rose 63.9% yoy and 15.6% qoq to US$1.62b, while loans outstanding expanded 60.0% yoy and 12.8% qoq to US$12.6b (US$11.2b on-book, US$1.3b off-book). Active credit users increased by around 28% yoy, supported by deeper customer engagement and credit use cases beyond Shopee. However, NPL ratio increased to 1.3% from 1.0% in 2Q26, reflecting some softness in Thailand and Brazil. Adjusted EBITDA grew 15.5% yoy and 3.6% qoq to US$298.3m. Management has proactively tightened underwriting criteria for selected customer segments to manage credit risks.
- **Digital entertainment (Garena): Bookings recover sequentially with stronger profitability.** 3Q26 bookings increased 5.9% yoy and 16.6% qoq to US$890m, recovering from the moderation in 2Q26. Quarterly paying users rose 4.1% yoy to 68.6m, while the paying-user ratio improved to 10.2% from 9.8% in 3Q25. Revenue grew 28.6% yoy to US$840.1m, while adjusted EBITDA surged 45.9% yoy and 11.9% qoq to US$458.2m, reflecting stronger monetisation and operating leverage. Free Fire remained the key earnings driver, supported by successful collaborations including Naruto Shippuden, while Arena of Valor maintained engagement through its 10th anniversary celebrations.

3Q26 results reinforce the growth outlook across all three segments:

- **Shopee's stronger monetisation supports sustainable earnings growth.** Improving advertising revenue, take rates and logistics efficiency suggest a better balance between growth and profitability. Record GMV and stronger adjusted EBITDA reinforce management's US$1.0b 2026 EBITDA target, while further monetisation gains and ShopeeVIP adoption should support margins.
- **Monee's expansion beyond Shopee broadens its growth runway, although credit risks remain.** Continued growth in off-Shopee lending and deeper customer engagement should expand its addressable market and strengthen its position as a standalone financial-services platform. However, rising NPLs and higher credit loss provisions highlight the need for disciplined risk management to sustain earnings growth.
- **Garena's established franchises continue to support earnings growth.** Recovering bookings and strong EBITDA growth demonstrate the resilience of Free Fire and Arena of Valor, supported by ongoing content updates and user engagement. While existing franchises remain the main earnings contributors, successful diversification into new titles could reduce dependence on Free Fire and strengthen the sustainability of Garena's longer-term earnings profile.

Earnings Revision/Risk

- **We raise our 2026/27/28 revenue forecasts** by 3.9%/2.0%/2.0% and earnings forecasts by 3.7%/2.5%/0.4%, respectively, following SEA's strong 3Q26 results. The upgrades reflect improved monetisation at Shopee, continued growth in Monee's loan book and sustained momentum at Garena, partly offset by higher marketing expenses and credit-loss provisions.

Valuation/Recommendation

- **Maintain BUY with a lower SOTP-based target price of US$123.72** (US$181.18 previously), representing an upside of 58.7%. We peg Shopee at a lower 1.3x 2027F P/S (2.5x previously), Garena at 14 x 2027F PE and Monee at 16x 2027F PE (21x previously), in line with peers. The lower multiples for Shopee and Monee reflect a broader industry de-rating.

Share Price Catalyst

- Stronger-than-expected Shopee GMV growth, market share gains and margin expansion; sustained Monee loan growth with improving asset quality; stronger Garena bookings from successful content updates; and further share repurchases under the expanded buyback programme.

SOTP Valuation Summary

	2027F net profit/ sales (US$m)	Valuation Method	Valuation (X)	Fair Value (US$)
Digital Entertainment	1,746 (net profit)	1x average peers PE	14	39.99
E-Commerce	20,893 (sales)	1x average peers PS	1.2	41.00
Digital Financial Services	1,353 (net profit)	1x average peers PE	16	35.42
Net Cash	4,474 (net cash)			7.32
Total				123.72

Source: UOB Kay Hian

SOTP Valuation Summary (Previous)

	2027F net profit/ sales (US$m)	Valuation Method	Valuation (X)	Fair Value (US$)
Digital Entertainment	1,752 (net profit)	1x average peers PE	14	40.10
E-Commerce	20,713 (sales)	1x average peers PS	2.5	84.68
Digital Financial Services	1,357 (net profit)	1x average peers PE	21	46.20
Net Cash	6,229 (net cash)			10.19
Total				181.18

Source: UOB Kay Hian

Key Statistics

Year to Dec (US$m)	3Q25	2Q26	3Q26	qoq % chg	yoy % chg
Digital Entertainment					
Bookings (US$m)	840	764	890	16.5	5.9
Quarterly active users (m)	671	666	672	0.8	0.1
Quarterly paying users (QPU) (m)	66	68	69	0.9	4.1
Booking per QPU (US$)	13	11	13	15.5	1.7
Revenue per QPU (US$)	10	11	12	11.5	23.5
E-commerce					
Orders (m)	3,600	4,200	4,500	7.1	25.5
GMV per order	8.9	9.1	8.8	-3.3	-1.8
(US$)	32.2	38.3	39.7	3.7	23.3

Source: UOB Kay Hian

Profit & loss

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Net turnover	22,938.5	30,884.2	33,988.7	38,083.9
EBITDA	3,437.1	4,254.6	4,625.1	5,051.5
Deprec. & amort.	1,451.8	1,596.2	1,714.4	1,751.3
EBIT	1,985.3	2,658.4	2,910.7	3,300.2
Total other non-operating income	(1.9)	(43.4)	(43.4)	(41.4)
Associate contributions	(18.9)	0.0	0.0	1.0
Net interest income/(expense)	297.5	251.8	300.2	378.5
Pre-tax profit	2,262.0	2,866.8	3,167.4	3,638.3
Tax	(651.1)	(1,069.2)	(976.7)	(996.4)
Minorities	(32.7)	(46.5)	(44.6)	(44.4)
Net profit	1,578.1	1,751.1	2,146.1	2,597.5
Net profit (adj.)	1,578.1	1,751.1	2,146.1	2,597.5

Balance Sheet

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Fixed assets	1,306.8	1,312.8	1,318.8	1,326.8
Other LT assets	4,814.6	4,884.3	4,914.8	4,955.6
Cash/ST investment	6,419.5	7,328.3	8,870.4	11,113.5
Other current assets	16,873.8	20,780.5	22,780.9	25,292.0
Total assets	29,414.8	34,305.9	37,884.9	42,687.9
ST debt	283.2	283.2	283.2	283.2
Other current liabilities	14,397.4	15,372.4	15,700.4	16,477.9
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	1,531.7	1,531.7	1,531.7	1,531.7
Shareholders' equity	12,541.0	14,341.0	16,535.9	19,182.3
Minority interest	121.8	168.4	213.0	257.4
Total liabilities & equity	29,414.8	34,305.9	37,884.9	42,687.9

Cash flow

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Operating	5,024.5	4,095.9	2,637.0	3,417.8
Pre-tax profit	2,280.9	2,866.8	3,167.4	3,637.3
Tax	(651.1)	(1,069.2)	(976.7)	(996.4)
Deprec. & amort.	0.0	369.2	372.0	375.0
Associates	(18.9)	0.0	0.0	1.0
Working capital changes	2,570.4	1,871.0	74.3	400.9
Non-cash items	171.3	58.1	0.0	0.0
Other operating cashflows	672.0	0.0	0.0	0.0
Investing	(4,408.7)	(1,648.6)	(1,137.2)	(1,215.8)
Capex (growth)	0.0	(365.9)	(367.6)	(369.3)
Investment	607.6	(1,282.7)	(769.6)	(846.6)
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	(5,016.3)	0.0	0.0	0.0
Financing	1,623.2	(1,538.5)	48.8	49.8
Dividend payments	0.0	0.0	0.0	0.0
Proceeds from borrowings	413.5	(510.4)	0.0	0.0
Loan repayment	1,209.7	0.0	0.0	0.0
Others/interest paid	0.0	(1,028.1)	48.8	49.8
Net cash inflow (outflow)	2,239.0	908.8	1,548.7	2,251.8
Beginning cash & cash equivalent	4,081.6	6,419.5	7,321.7	8,861.6
Changes due to forex impact	98.8	0.0	0.0	0.0
Ending cash & cash equivalent	6,419.5	7,328.3	8,870.4	11,113.5

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	15.0	13.8	13.6	13.3
Pre-tax margin	9.9	9.3	9.3	9.6
Net margin	6.9	5.7	6.3	6.8
ROA	6.1	5.5	5.9	6.4
ROE	15.1	13.0	13.9	14.5
Growth				
Turnover	36.4	34.6	10.1	12.0
EBITDA	75.2	23.8	8.7	9.2
Pre-tax profit	194.1	26.7	10.5	14.9
Net profit	255.2	11.0	22.6	21.0
Net profit (adj.)	255.2	11.0	22.6	21.0
EPS	218.0	8.0	22.6	21.0
Leverage				
Debt to total capital	2.2	1.9	1.7	1.4
Debt to equity	2.3	2.0	1.7	1.5
Net debt/(cash) to equity	(48.9)	(49.1)	(51.9)	(56.5)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

Market News

US stocks were lower on Tuesday, as information technology, materials and utilites sectors led shares lower. At the close of the NYSE, the Dow Jones fell 0.30% while the S&P 500 index was down 0.38% and the NASDAQ Composite index slid 0.74%. Falling stocks outnumbered advancing ones on the NYSE by 1,817 to 938 and 56 ended unchanged; on the Nasdaq Stock Exchange, 3,360 declined and 1,608 advanced, while 152 ended unchanged.

During the last trading session, the FSSTI index rose 79.42pt to 5,258.59. Among the top active stocks were OCBC Bank (+3.1%), DBS (+0.9%), UMS (+3.6%), SIA (+2.7%) and Seatrium (+3.3%). The FTSE ST Mid Cap index rose 0.6%, while the FTSE ST Small Cap Index gained 0.8%. The broader market had 390 gainers and 212 losers with a total trading value of S$2.76b.

Technical Analysis

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Jardine Matheson Southeast Asia (JCNC SP)

Trading buy range:	S$24.07-24.08
Last price:	S$24.08
Target price:	S$26.44
Protective stop:	S$22.82

Price successfully defended its position above the resistance-turned-support baseline on intraday retests. The RSI currently resides slightly below the 50 neutral threshold, and is sloping upward with positive velocity. As long as price remains defended above the converted support, we see continued upward expansion towards the upper resistance.

The potential upside target is S$26.44. Stop-loss could be placed at S$22.82.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)



First Resources (FR SP)

Trading buy range:	S$2.58-2.59
Last price:	S$2.59
Target price:	S$3.49
Protective stop:	S$2.40

Price formed a potential hammer candlestick pattern at its previous low support zone. The RSI is deeply anchored in the oversold zone. We could expect a trend reversal toward higher overhead resistance targets if today's session yields a bullish follow-through confirmation candle to solidify the swing low floor.

The potential upside target is S$3.49. Stop-loss could be placed at S$2.40.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S$4.57

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