



# sea

connecting the dots



## Fourth Quarter & Full Year 2018 Results

February 26, 2018 (U.S. Eastern Time)

February 27, 2018 (Singapore / Hong Kong Time)



# Disclaimer

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This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the U.S. (“GAAP”), including “adjusted revenue”, “total adjusted revenue”, “adjusted net loss”, “adjusted EBITDA and “total adjusted EBITDA” The reconciliation of those measures to the most comparable GAAP measures is contained within this presentation. The non-GAAP measures have limitations as an analytical tool and you should not consider them in isolation or as a substitute for an analysis of the Company’s results under GAAP.

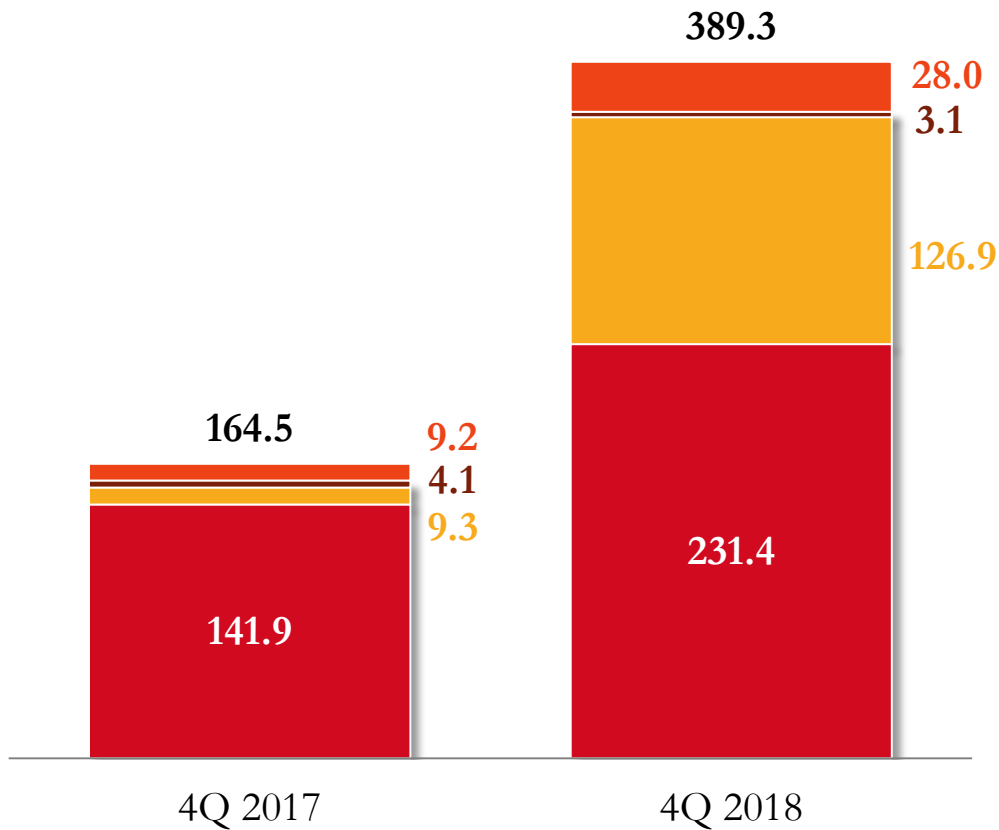
This presentation does not contain all relevant information relating to Sea or its securities, particularly with respect to the risks and special considerations involved with an investment in the securities of Sea. Nothing contained in this presentation shall be relied upon as a promise or representation as to the past or future performance of Sea.

# Robust Revenue Growth

## 137% YoY Growth in Total Adjusted Revenue<sup>1</sup>

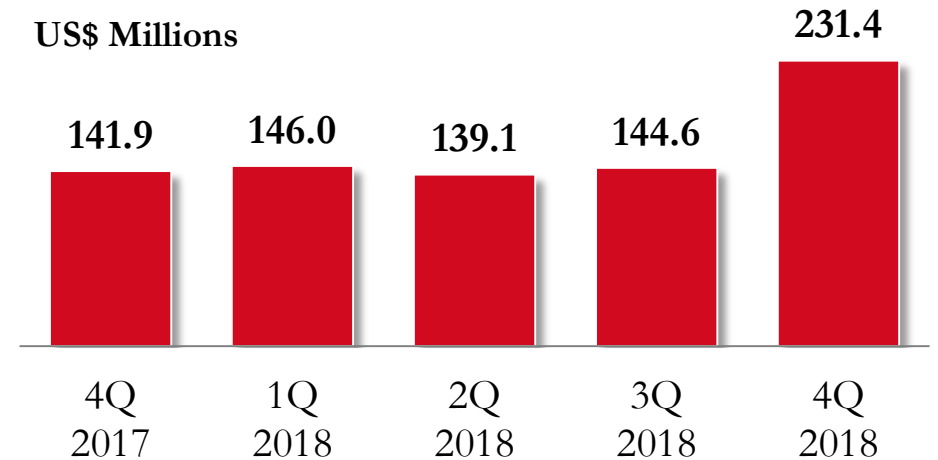
US\$ Millions

■ DE Adjusted Revenue ■ EC Adjusted Revenue  
 ■ DFS Adjusted Revenue ■ Other Services Revenue<sup>4</sup>

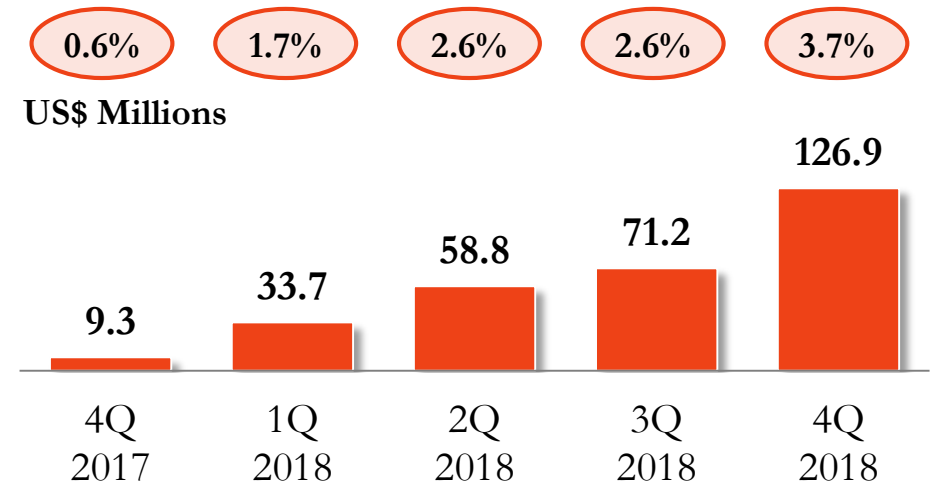


## 63% YoY Growth in DE Adjusted Revenue<sup>2</sup>

US\$ Millions



## 1,262% YoY Growth in EC Adjusted Revenue<sup>3</sup>



US\$ Millions

○ EC Adjusted Revenue as a % of GMV

Note: Financial figures are unaudited.

1: Sum of digital entertainment (“DE”) adjusted revenue, e-commerce (“EC”) adjusted revenue, digital financial services (“DFS”) adjusted revenue, and other services revenue. For details on reconciliation, please refer to slide 6.

2: Digital entertainment revenue plus change in digital entertainment deferred revenue.

3: Revenue of the e-commerce segment (currently consisting of marketplace revenue and product revenue) plus commission income that were net-off against sales incentives.

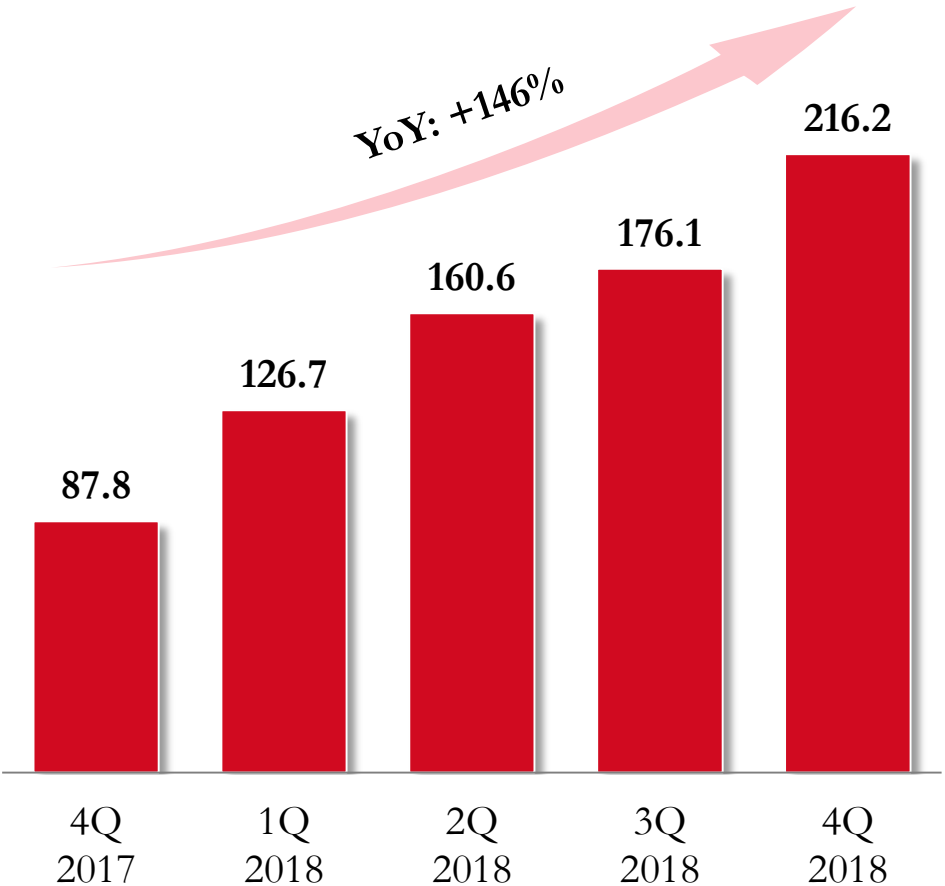
4: A combination of multiple business activities that does not meet the quantitative thresholds to qualify as reportable segments are grouped together as “Other Services.”

# Digital Entertainment: Accelerated Growth of Free Fire and Paying Users



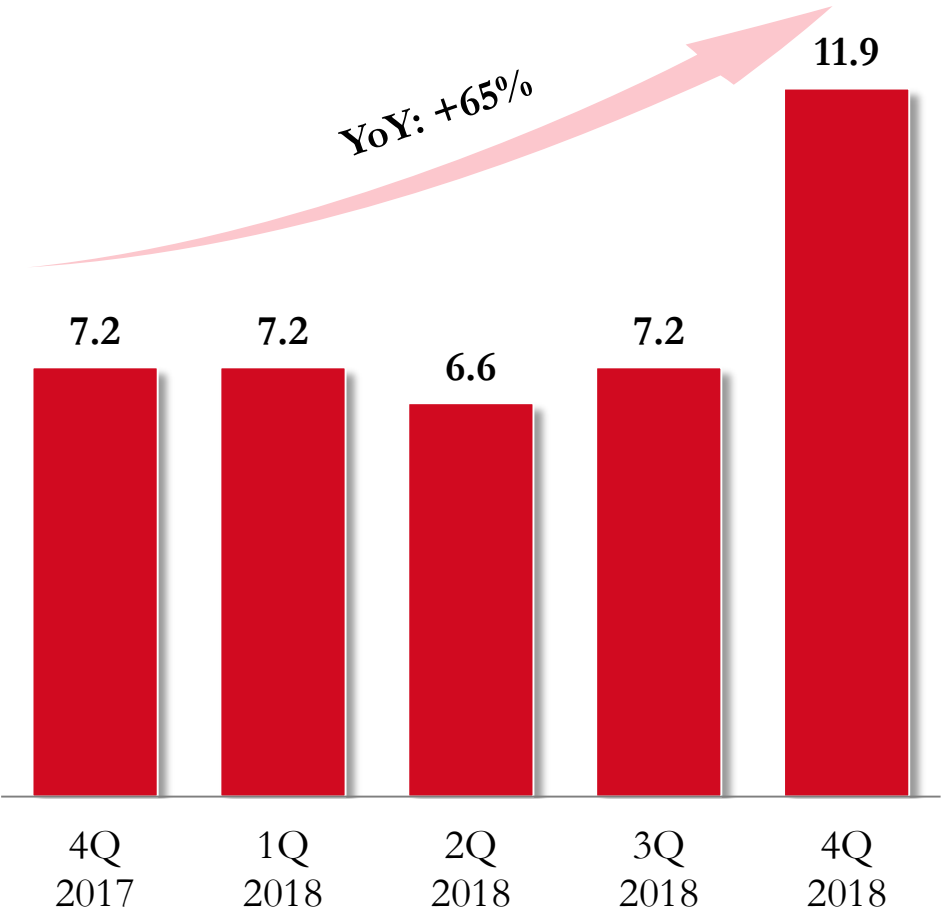
**Garena**  
Quarterly Active Users

Millions



**Garena**  
Quarterly Paying Users

Millions

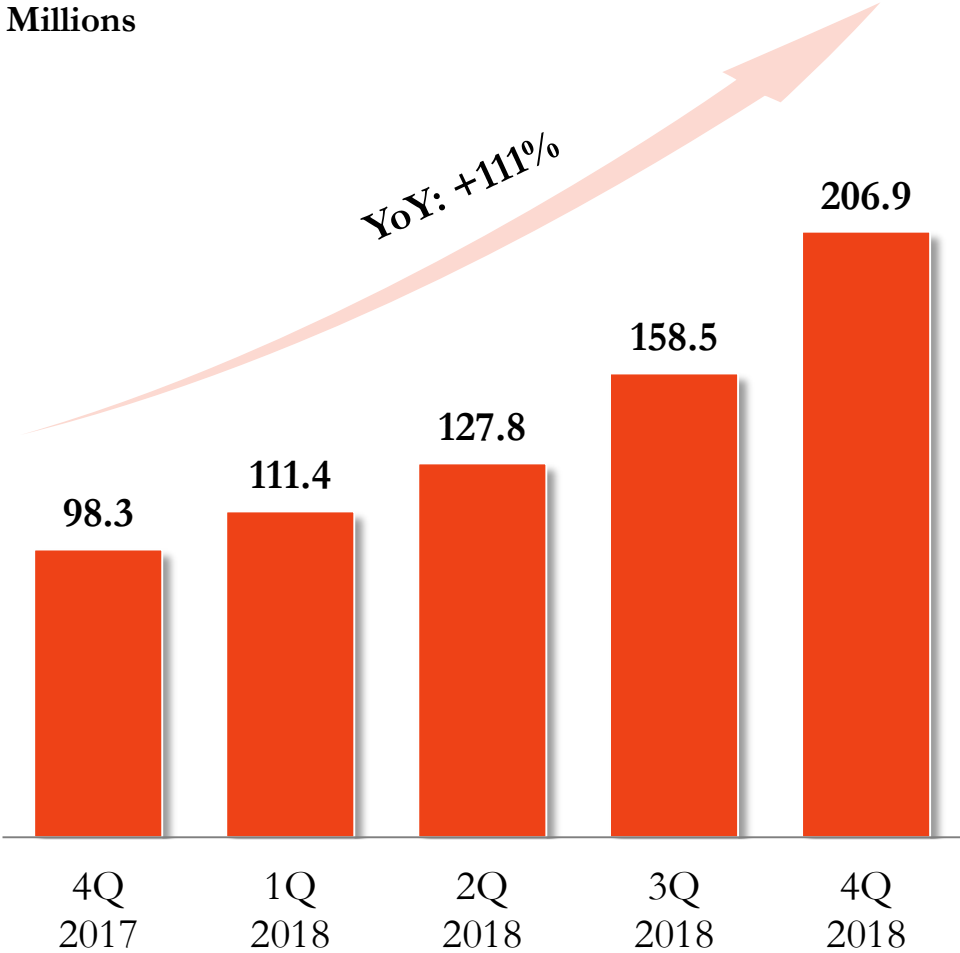


# E-commerce: Extending Our Leading Position Across the Region



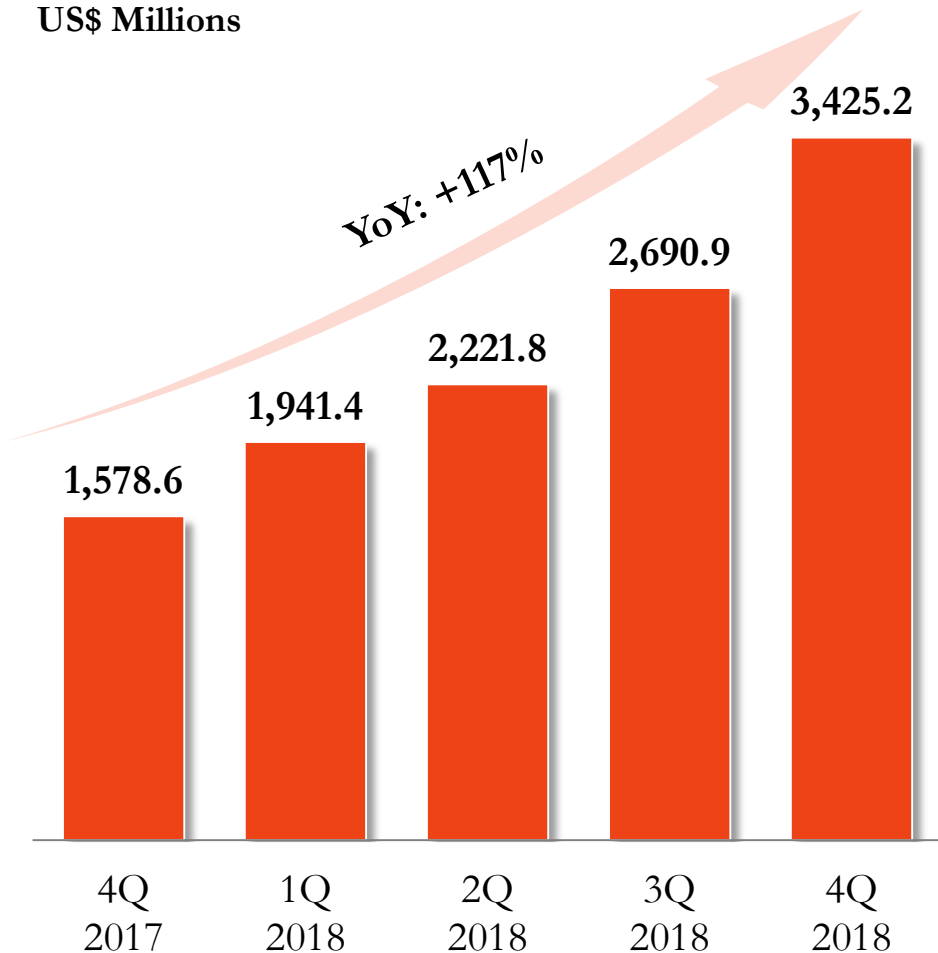
**Shopee**  
Gross Orders

Millions



**Shopee**  
GMV

US\$ Millions

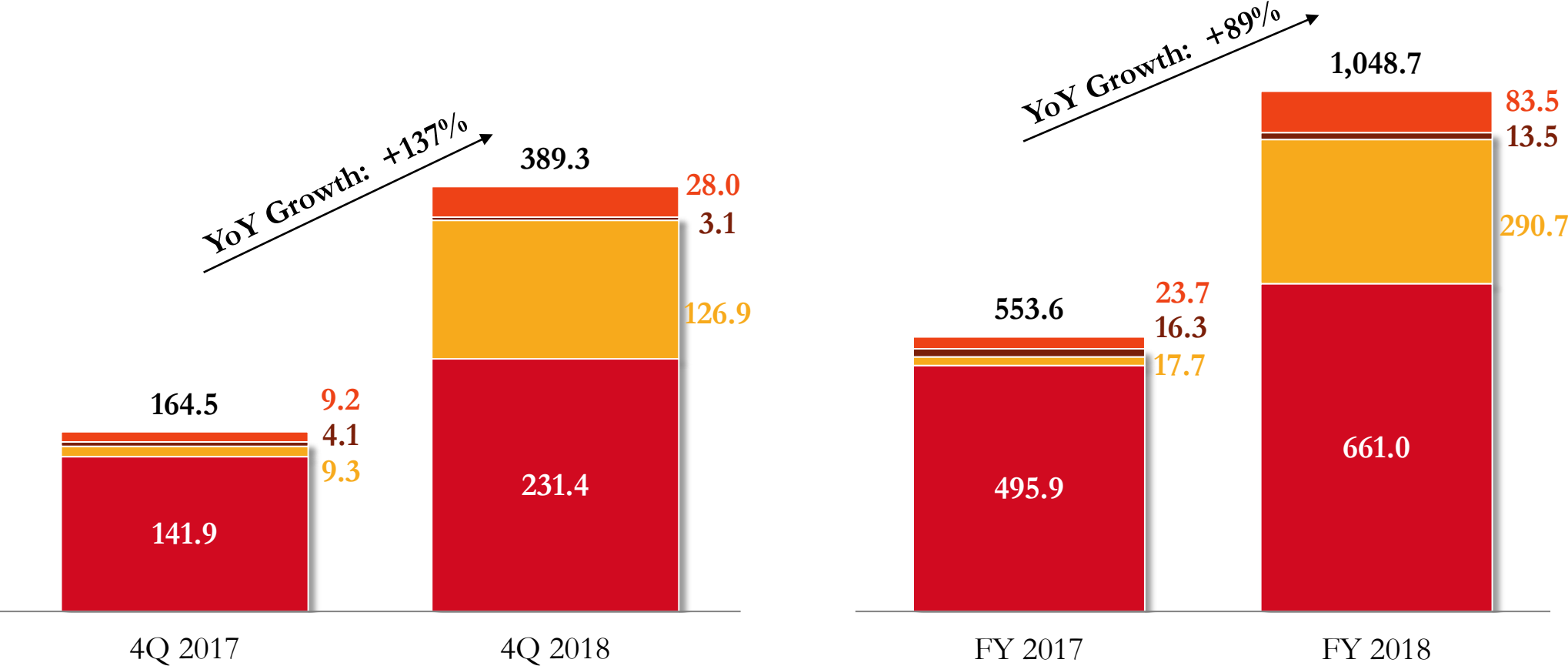


# Non-GAAP Revenue

## Total Adjusted Revenue

US\$ Millions

US\$ Millions



■ DE Adjusted Revenue   
 ■ EC Adjusted Revenue   
 ■ DFS Adjusted Revenue   
 ■ Other Services<sup>1</sup> Revenue

Note: Financial figures are unaudited.

1: A combination of multiple business activities that does not meet the quantitative thresholds to qualify as reportable segments are grouped together as "Other Services."

## Reconciliation between GAAP and non-GAAP Revenue

US\$ Thousands	4Q 2017	4Q 2018	FY 2017	FY 2018
<b>Digital Entertainment</b>				
<i>Revenue</i>	106,323	131,257	365,167	462,464
<i>Change in deferred revenue</i>	35,560	100,095	130,711	198,578
<b>Digital Entertainment Adjusted Revenue</b>	<b>141,883</b>	<b>231,352</b>	<b>495,878</b>	<b>661,042</b>
<b>E-commerce</b>				
<i>Revenue</i>	4,966 <sup>1</sup>	121,660 <sup>1</sup>	9,034 <sup>3</sup>	269,578 <sup>3</sup>
<i>Sales incentives net-off</i>	4,353	5,254	8,683	21,128
<b>E-commerce Adjusted Revenue</b>	<b>9,319<sup>2</sup></b>	<b>126,914<sup>2</sup></b>	<b>17,717<sup>4</sup></b>	<b>290,706<sup>4</sup></b>
<b>Group</b>				
<i>Revenue</i>	124,604	283,224	414,190	826,968
<i>Change in deferred revenue</i>	35,560	100,095	130,711	198,578
<i>Sales incentives net-off</i>	4,353	5,973	8,683	23,182
<b>Total Adjusted Revenue</b>	<b>164,517</b>	<b>389,292</b>	<b>553,584</b>	<b>1,048,728</b>

Note: Financial figures are unaudited.

1: For the fourth quarter of 2018, revenue of \$121,660 included marketplace revenue of \$82,483 and product revenue of \$39,177 net of sales incentives. For the fourth quarter of 2017, revenue of \$4,966 included marketplace revenue of \$4,558 and product revenue of \$408, net of sales incentives.

2: For the fourth quarter of 2018, adjusted revenue of \$126,914 included marketplace revenue of \$87,618 and product revenue of \$39,296. For the fourth quarter of 2017, adjusted revenue of \$9,319 included marketplace revenue of \$8,911 and product revenue of \$408, net of sales incentives.

3: For the year of 2018, revenue of \$269,578 included marketplace revenue of \$176,434 and product revenue of \$93,144, net of sales incentives. For the year of 2017, revenue of \$9,034 included marketplace revenue of \$8,626 and product revenue of \$408, net of sales incentives.

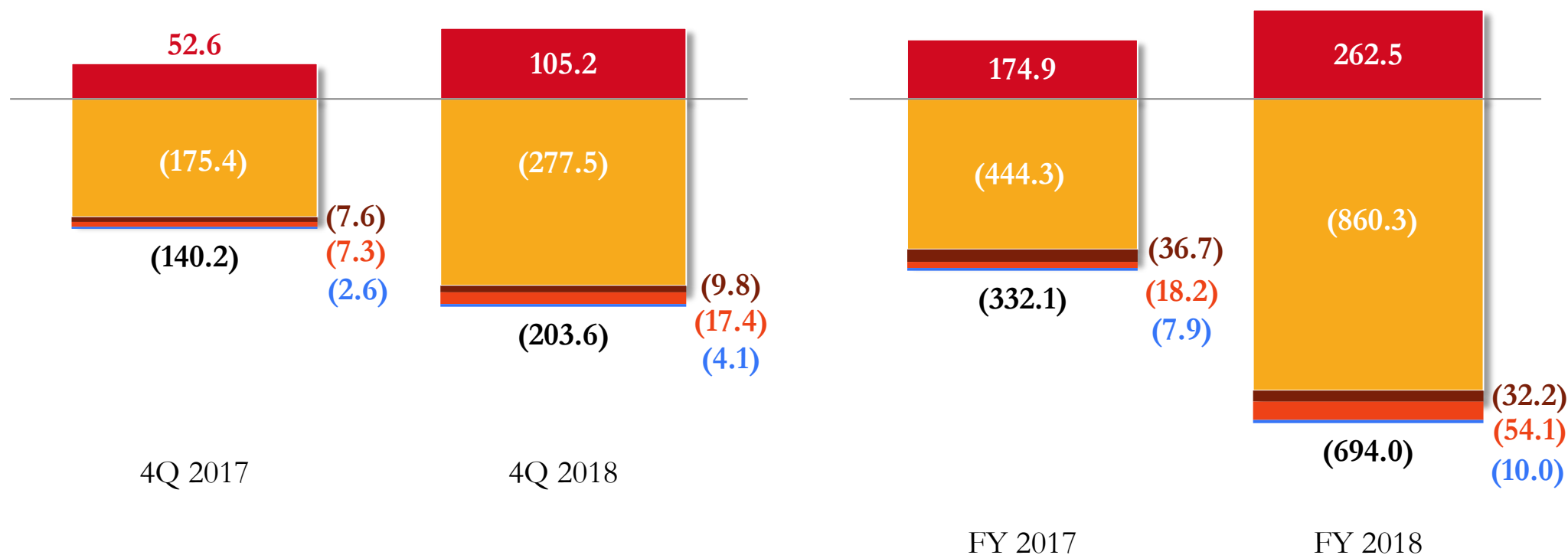
4: For the year of 2018, adjusted revenue of \$290,706 included marketplace revenue of \$197,285 and product revenue of \$93,421. For the year of 2017, adjusted revenue of \$17,717 included marketplace revenue of \$17,309 and product revenue of \$408, net of sales incentives.

# Non-GAAP EBITDA

## Total Adjusted EBITDA

US\$ Millions

US\$ Millions



■ DE Adjusted EBITDA 
 ■ EC Adjusted EBITDA 
 ■ DFS Adjusted EBITDA 
 ■ Other Services<sup>1</sup> Adjusted EBITDA 
 ■ Unallocated Expenses

Note: Financial figures are unaudited. Please refer to the appendix for details on reconciliation between GAAP and non-GAAP figures.

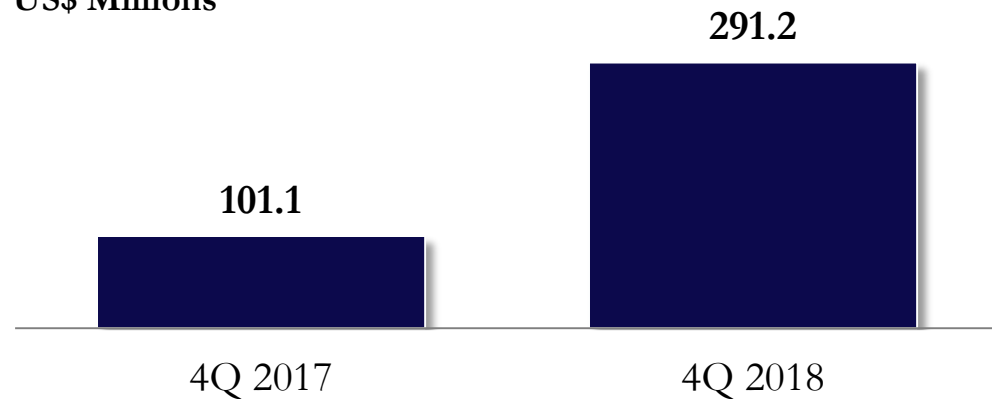
1: A combination of multiple business activities that does not meet the quantitative thresholds to qualify as reportable segments are grouped together as "Other Services."



# Cost and Expense Trends

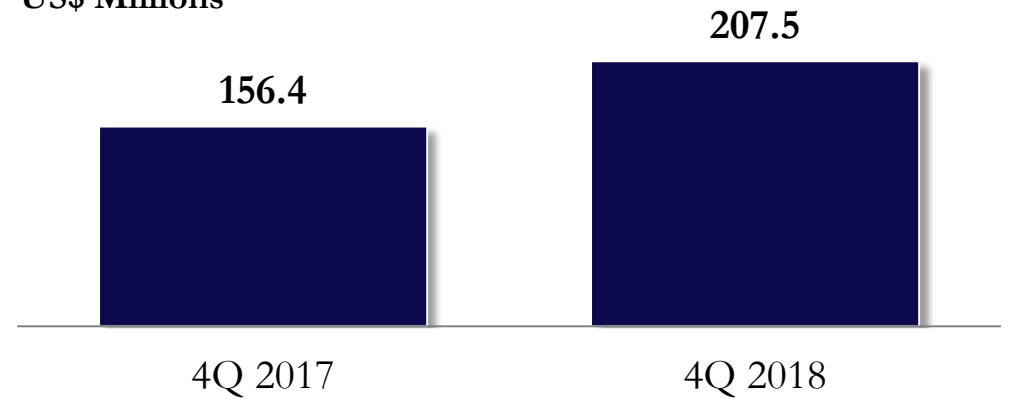
## Cost of Revenue

US\$ Millions



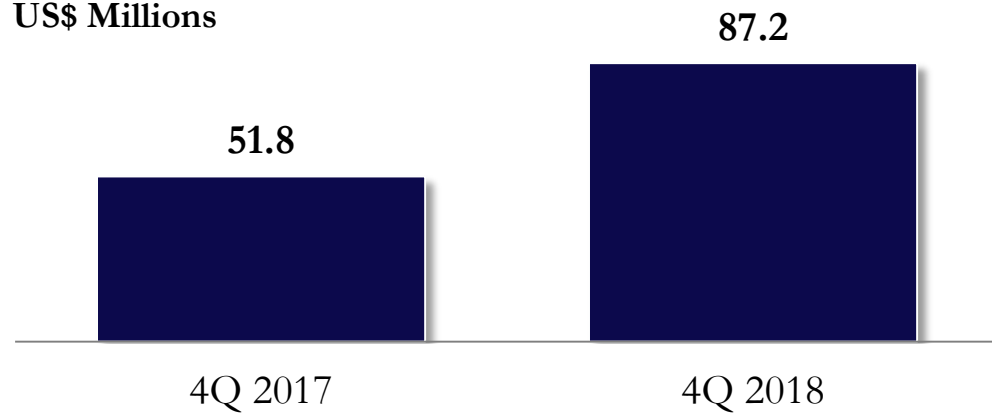
## Sales & Marketing Expenses

US\$ Millions



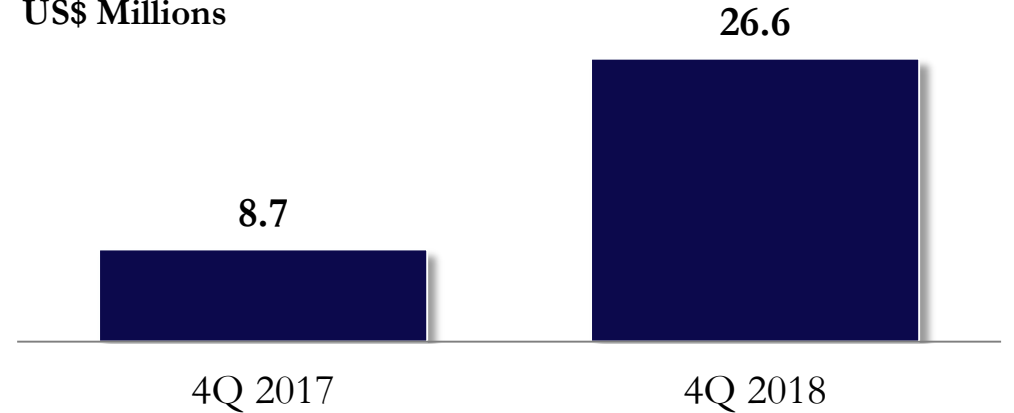
## General & Administrative Expenses

US\$ Millions



## R&D Expenses

US\$ Millions

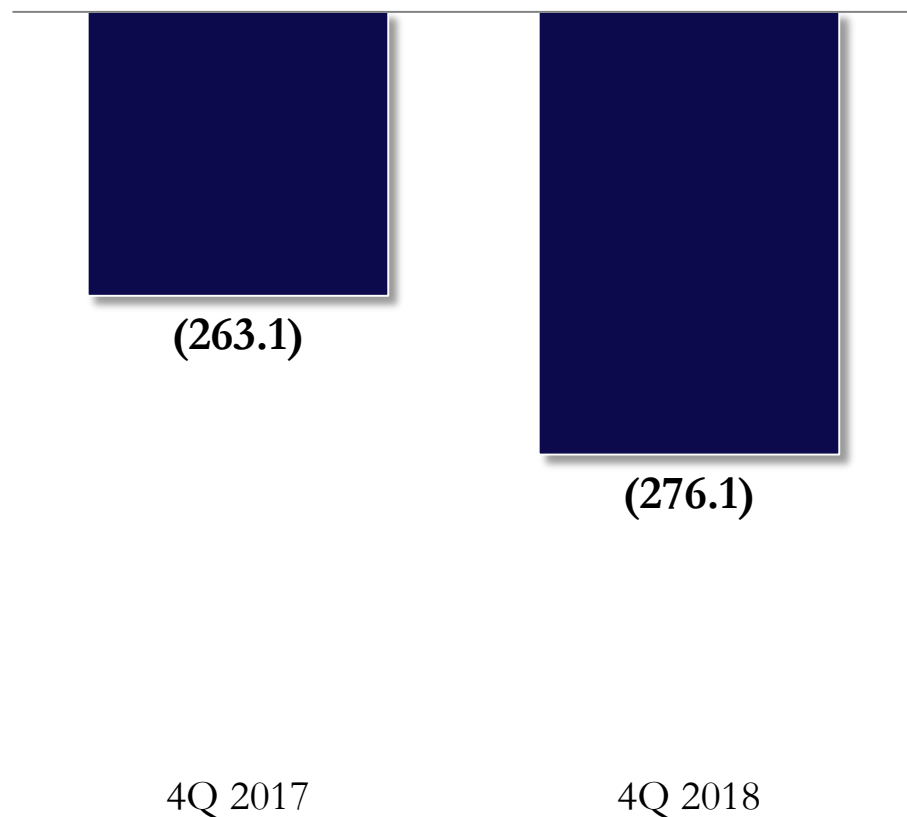


Note: Financial figures are unaudited.

# Net Loss and Adjusted Net Loss

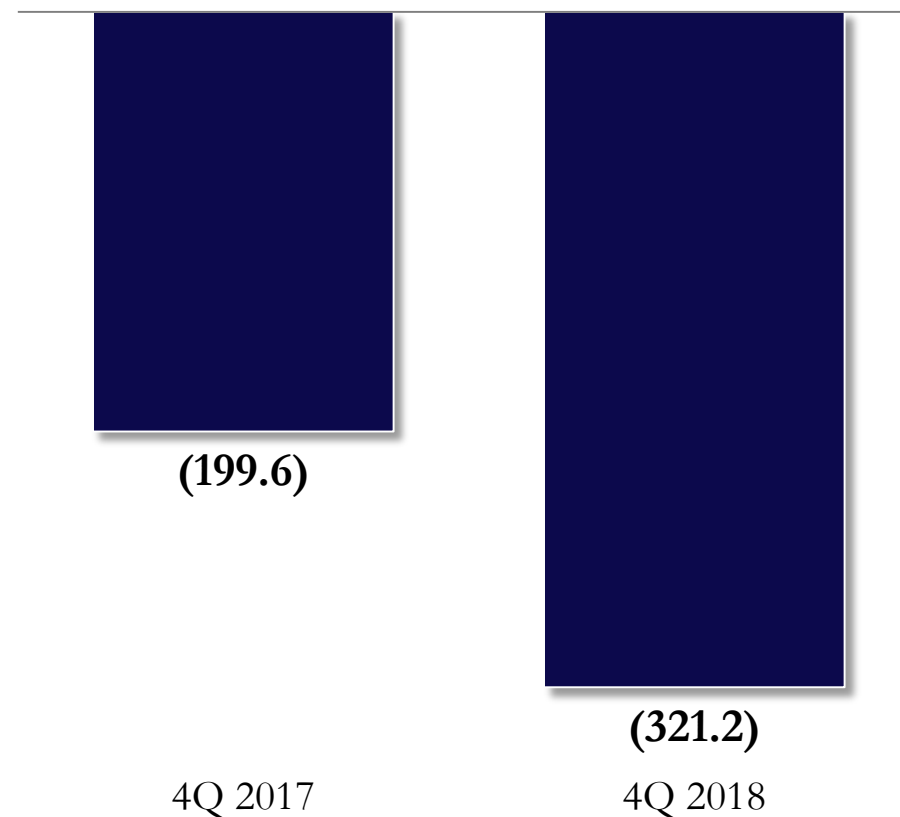
## Net Loss

US\$ Millions



## Adjusted Net Loss<sup>1,2</sup>

US\$ Millions



Note: Financial figures are unaudited. Please refer to the appendix for details on reconciliation between GAAP and non-GAAP figures.

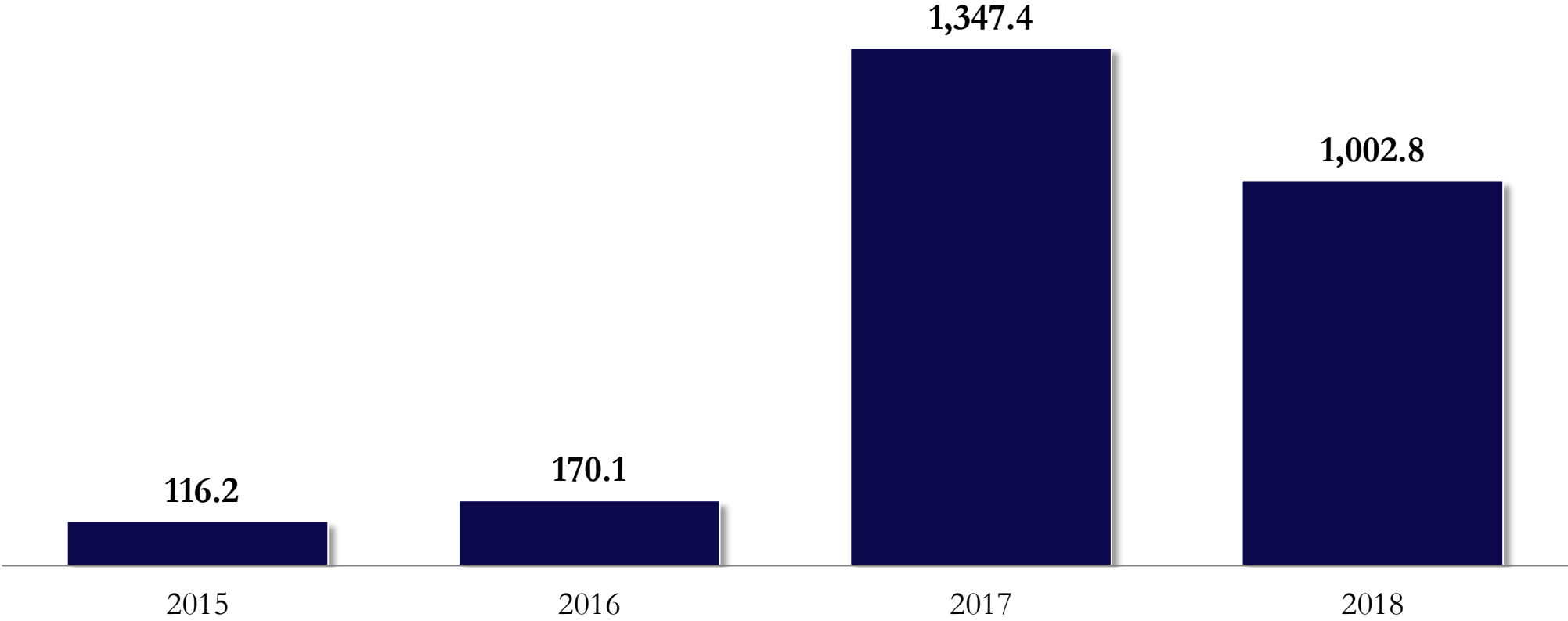
1: Excludes share-based compensation and fair value change for convertible notes.

2: The 2017 comparative numbers for adjusted net loss were restated due to a change in computation basis in 2018 to exclude impact from changes in fair value of convertible notes.

# Cash and Cash Equivalents

## Cash and Cash Equivalents

US\$ Millions



Note: Financial figure for the full year of 2018 is unaudited.

## Full Year 2019 Guidance

	Guidance
DE Adjusted Revenue <sup>1</sup>	US\$1.2 Billion to US\$1.3 Billion 81.5% to 96.7% YoY Growth
EC Adjusted Revenue <sup>2</sup>	US\$630 Million to US\$660 Million 116.7% to 127.0% YoY Growth

1: DE Adjusted Revenue accounted for 63% of FY18 Total Adjusted Revenue.

2: EC Adjusted Revenue accounted for 27% of FY18 Total Adjusted Revenue.



Garena



Shopee



AirPay

# APPENDIX

## Reconciliation between GAAP and non-GAAP EBITDA

US\$ Thousands	4Q 2017	4Q 2018	FY 2017	FY 2018
<b>Digital Entertainment</b>				
<i>Operating income / (loss)</i>	18,102	16,121	45,637	69,449
<i>Net effect of change in deferred revenue &amp; related cost</i>	26,724	78,659	100,678	157,918
<i>Depreciation and amortization</i>	7,781	10,418	28,624	35,171
<b>Digital Entertainment Adjusted EBITDA</b>	<b>52,607</b>	<b>105,198</b>	<b>174,939</b>	<b>262,538</b>
<b>E-commerce</b>				
<i>Operating income / (loss)</i>	(178,780)	(290,616)	(452,233)	(893,489)
<i>Net effect of change in deferred revenue &amp; related cost</i>	-	-	-	-
<i>Depreciation and amortization</i>	3,366	13,119	7,953	33,167
<b>E-commerce Adjusted EBITDA</b>	<b>(175,414)</b>	<b>(277,497)</b>	<b>(444,280)</b>	<b>(860,322)</b>
<b>Group</b>				
<i>Operating income / (loss)</i>	(191,141)	(324,957)	(502,356)	(988,768)
<i>Net effect of change in deferred revenue &amp; related cost</i>	26,724	78,659	100,678	157,918
<i>Depreciation and amortization</i>	12,627	26,595	40,927	78,728
<i>Share-based compensation</i>	11,577	16,058	28,636	58,121
<b>Total Adjusted EBITDA</b>	<b>(140,213)</b>	<b>(203,645)</b>	<b>(332,115)</b>	<b>(694,001)</b>

Note: Financial figures are unaudited.

## Reconciliation between GAAP and non-GAAP Net Loss

US\$ Thousands	4Q 2017	4Q 2018	FY 2017	FY 2018
<b>Group</b>				
<i>Net loss</i>	(263,140)	(276,058)	(561,166)	(961,034)
<i>Share-based compensation</i>	11,577	16,058	28,636	58,121
<i>Fair value change for convertible notes</i>	51,950	(61,187)	51,950	(41,259)
<b>Adjusted Net Loss<sup>1</sup></b>	<b>(199,613)</b>	<b>(321,187)</b>	<b>(480,580)</b>	<b>(944,172)</b>

Note: Financial figures are unaudited.

1: The 2017 comparative numbers for adjusted net loss were restated due to a change in computation basis in 2018 to exclude impact from changes in fair value of convertible notes.