

COMPANY RESULTS

Genting Malaysia (GENM MK)

3Q24: Negatives Mostly Priced In

GENM delivered EBITDA decline on higher opex from its US and Malaysia operations, but earnings from both RWG and overseas operations still exceeded pre-pandemic levels. Meanwhile, resilient earnings momentum and lush dividend yield of 7.9% are highly appealing following the recent share price decline. Maintain BUY as most negatives such as a potential KLCI exclusion have likely been priced in. Lower target price to RM2.83.

3Q24 RESULTS

Year to 31 Dec (RMm)	3Q24	qoq % chg	yoy % chg	9M24	yoy % chg	Remarks
Revenue	2749.1	3.0	1.5	8183.5	14.2	Lifted by higher UK contributions
Adjusted EBITDA	723.1	(6.1)	(10.0)	2313.4	16.5	
Leisure – Malaysia	493.4	(6.0)	(12.5)	1601.8	14.4	Declined on higher opex
Leisure – UK	104.0	60.5	4.9	242.7	36.1	Better gaming & non-gaming revenue
Leisure – US	124.2	(29.7)	(8.3)	454.3	16.1	Lower revenue & higher payroll costs
Others	583.7	14136.6	(1246.8)	431.0	(51.4)	Unrealised forex gains
Pretax profit	535.8	163.8	120.2	854.8	133.3	
Net Profit	569.2	592.4	220.9	709.1	605.9	
Core net Profit	244.3	89.9	(7.6)	635.0	73.8	Deducting exceptional items
Margins (%)		+/- ppt	+/- ppt		+/- ppt	
Core adjusted EBITDA	26.3	(2.5)	(3.3)	28.3	0.6	
Core net profit	8.9	4.1	(0.9)	7.8	2.5	

Source: GENM, UOB Kay Hian

RESULTS

- Largely within expectations.** Genting Malaysia (GENM) reported core adjusted EBITDA of RM723m (-10% yoy, -6% qoq) in 3Q24, after stripping out exceptional items including RM602m in unrealised forex gains from the revaluation of USD bonds. 9M24 EBITDA made up 75/78% of our and consensus' full-year estimates respectively.
- RWG: Stable volume run-rate but higher opex hurts EBITDA.** Resorts World Genting's (RWG) revenue was flattish yoy with stable gaming volume and visitations. Notably, hilltop visitors surged 10% yoy on higher foreign tourist arrivals, lifting total gross gaming revenue (GGR) by 4% yoy. For non-gaming revenue, Genting SkyWorlds theme park ticket sales also improved 8% yoy to 2,600 tickets/day, while hotel occupancy rate climbed to 99% (3Q23: 98%) with higher daily room rates of RM230 (+5% yoy). Despite slight revenue growth, EBITDA declined 13% yoy on higher labour-related opex off a low base.

KEY FINANCIALS

Year to 31 Dec (RMm)	2022	2023	2024F	2025F	2026F
Net turnover	8,603	10,189	10,865	11,152	11,409
EBITDA	1,996	2,564	3,071	3,148	3,314
Operating profit	757	1,323	1,880	2,002	2,210
Net profit (rep./act.)	(640)	368	1,154	1,274	1,465
Net profit (adj.)	174	660	1,154	1,274	1,465
EPS (sen)	2.9	11.1	19.4	21.5	24.7
PE (x)	86.2	22.7	10.9	9.9	8.6
P/B (x)	1.2	1.2	1.0	1.0	1.0
EV/EBITDA (x)	10.6	8.3	6.4	6.0	5.5
Dividend yield (%)	5.6	5.6	7.1	9.0	9.4
Net margin (%)	(7.4)	3.6	10.6	11.4	12.8
Net debt/(cash) to equity (%)	72.5	65.6	59.0	51.9	44.2
Interest cover (x)	2.8	3.4	5.2	5.6	6.2
ROE (%)	n.a.	2.9	8.9	9.7	10.8
Consensus net profit	-	-	699	1978	1,165
UOBKH/Consensus (x)	-	-	1.16	1.20	1.21

Source: Genting Malaysia Bhd, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	RM2.12
Target Price	RM2.83
Upside	+33.5%
(Previous TP)	RM3.29

COMPANY DESCRIPTION

Casino, resort and theme park operator.

STOCK DATA

GICS sector	Consumer Discretionary
Bloomberg ticker:	GENM MK
Shares issued (m):	5,667.7
Market cap (RMm):	12,015.6
Market cap (US\$m):	2,702.3
3-mth avg daily t'over (US\$m):	6.3

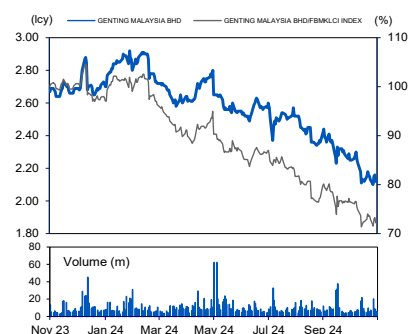
Price Performance (%)

52-week high/low	RM2.92/RM2.12			
1mth	3mth	6mth	1yr	YTD
(6.2)	(8.7)	(23.7)	(21.5)	(20.9)

Major Shareholders

Genting Bhd	49.3
AIA Bhd	2.0
Vanguard Group	1.7
FY24 NAV/Share (RM)	2.20
FY24 Net Debt/Share (RM)	1.30

PRICE CHART



Source: Bloomberg

ANALYST(S)

Jack Goh
 +603 2147 1943
 jackgoh@uobkayhian.com

- US operations: Resilient EBITDA steadies above pre-pandemic levels.** GENM's US operations, comprising Resorts World New York City (RWNYC) and Bimini (Bahamas), delivered declining EBITDA of RM124.2m (-8% yoy). The softening earnings mainly reflect higher operating and payroll costs in RWNYC and Bimini operations. Positively, revenue for both RWNYC and Bimini improved marginally by 3% and 1% yoy respectively.
- UK operations: Better earnings on higher business volume.** EBITDA surged 5% yoy on the back of higher revenue (+9% yoy), offsetting the margin contraction (-0.7ppt yoy) caused by higher payroll costs. Overall improvement is attributed to better casino business volume.

STOCK IMPACT

- A fallen decade, but headwinds mostly priced in.** GENM's share price retraced significantly over the last few years (after peaking at RM6 in 2017), mainly due to several notable incidents such as: a) termination of the 20th Century Fox World outdoor theme park (Nov 18); b) higher gaming duties imposed (Budget 2019); c) RPT purchase of Empire's stake from Kien Huat Realty (Aug 19); d) COVID-19 (Apr 20); and e) potential exclusion from KLCI Index (2H24). In our opinion, most negative news flow has been priced in at its current decade-low share price, and investors' negative sentiment shall reverse as they re-divert focus towards GENM's consistent earnings delivery throughout 2025-26F.
- Profitability exceeded pre-pandemic level consecutively.** GENM's earnings were above pre-pandemic levels for six consecutive quarters, with core EBITDA hovering between RM720m to RM820m. Locally, RWG continues to chart steady performances, stoked by fully restored operating capacity and improved visitations. Meanwhile, the US operations and particularly RWNYC have seen significant growth vs 2019 (revenue: +33-47%; EBITDA: +200%), since the opening of Hyatt Regency at JFK Airport in 2021. As for the UK operations, earnings have also been trending above 2019 levels.
- Potential exclusion from KLCI index.** Based on the cut-off date for Dec 24's KLCI review (25 Nov 24), GENM has a market cap of RM12.1b (38th largest stock) in Bursa. We deem that GENM is likely to be removed from the KLCI index in the upcoming December review. That said, this headwind is likely priced in, and hence further share price weaknesses shall be limited.
- Valuations de-rating overdone in our opinion; lush dividend yield stands out.** At its current depressed share price, GENM's risk-reward is highly appealing, with discounted valuations (-2SD below mean) and lush dividend yield of 7-9% for 2024-25F.

EARNINGS REVISION/RISK

- Earnings revision: None.**

VALUATION/RECOMMENDATION

- Maintain BUY with lower SOTP-based target price of RM2.83 (from RM3.29),** as we recalibrate our valuation yardstick downwards to -1SD below mean (from -0.5SD below mean) to factor in de-rating following the potential KLCI exclusion.
- Our target price implies 7.2x 2025F EV/EBITDA (-1SD below historical mean).

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) UPDATES

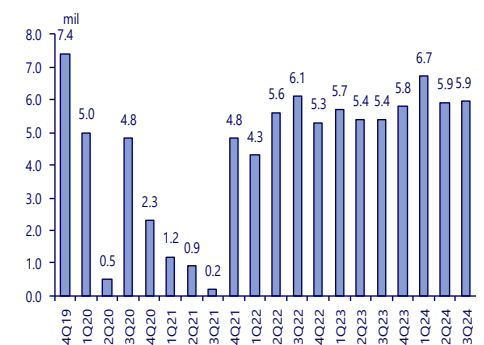
<ul style="list-style-type: none"> Environmental <ul style="list-style-type: none"> - 1,180 tonnes of recyclable waste collected globally in 2020, 0.433 million metric tonnes of carbon dioxide reduction for carbon footprint. Social <ul style="list-style-type: none"> - Provided jobs for over 14,000 employees globally. - Over RM8m worth of community investments. Governance <ul style="list-style-type: none"> - Comprehended and applied Malaysian Code on Corporate Governance (MCCG).
--

GENTING HIGHLANDS 3Q24 HIGHLIGHTS

- RWG**
 - GGR volume back to about 97% of 2019 levels.
 - Total GGR wins up 4% yoy, VIP:mass GGR mix of 56:44.
 - VIP win rate within theoretical levels.
 - 3Q24 total visitors to RWG hilltop about 5.9m (+10% yoy). Foreign visitor arrivals +13% yoy, mainly from SG and China.
 - 3Q24 hotel rooms available daily: 10000, occupancy rate: 99%, Revpar: RM230 (+5% yoy).
 - Genting SkyWorlds Outdoor theme park average ticket sales at about 2600/day (2Q24: 3000/day).

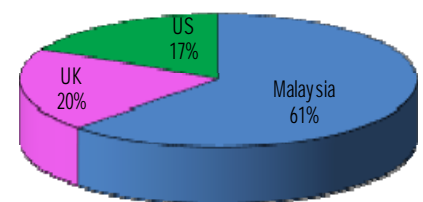
Source: GENM

GENTING HIGHLANDS' VISITORS ARRIVAL



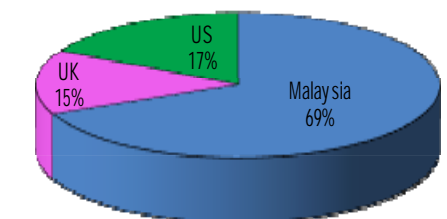
Source: GENM, UOB Kay Hian

REVENUE BY COUNTRY (3Q24)



Source: GENM, UOB Kay Hian

EBITDA BY COUNTRY (3Q24)



Source: GENM, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (RMm)	2023	2024F	2025F	2026F
Net turnover	10,189	10,865	11,152	11,409
EBITDA	2,564	3,071	3,148	3,314
Deprec. & amort.	1,241	1,192	1,146	1,104
EBIT	1,323	1,880	2,002	2,210
Associate contributions	0	0	0	0
Net interest income/(expense)	(748)	(589)	(564)	(537)
Pre-tax profit	606	1,291	1,438	1,673
Tax	(313)	(242)	(270)	(314)
Minorities	76	106	106	106
Net profit	368	1,154	1,274	1,465
Net profit (adj.)	660	1,154	1,274	1,465

CASH FLOW

Year to 31 Dec (RMm)	2023	2024F	2025F	2026F
Operating	2,322	2,257	2,369	2,479
Pre-tax profit	606	1,291	1,438	1,673
Tax	(313)	(242)	(270)	(314)
Deprec. & amort.	1,241	1,192	1,146	1,104
Associates	0	0	0	0
Working capital changes	(26)	17	55	16
Other operating cashflows	814	0	0	0
Investing	194	(600)	(600)	(599)
Capex (growth)	(696)	(600)	(600)	(599)
Investments	0	0	0	0
Proceeds from sale of assets	736	0	0	0
Others	154	0	0	0
Financing	(1,776)	(941)	(989)	(1,037)
Dividend payments	(850)	(941)	(989)	(1,037)
Issue of shares	0	0	0	0
Proceeds from borrowings	558	0	0	0
Loan repayment	(810)	0	0	0
Others/interest paid	(674)	0	0	0
Net cash inflow (outflow)	740	716	780	843
Beginning cash & cash equivalent	3,044	3,885	4,601	5,382
Changes due to forex impact	101	0	0	0
Ending cash & cash equivalent	3,885	4,601	5,382	6,225

BALANCE SHEET

Year to 31 Dec (RMm)	2023	2024F	2025F	2026F
Fixed assets	14,497	14,276	13,730	13,225
Other LT assets	8,442	8,442	8,442	8,442
Cash/ST investment	3,885	4,601	5,382	6,225
Other current assets	2,292	2,336	2,359	2,376
Total assets	29,116	29,011	29,267	29,730
ST debt	225	225	225	225
Other current liabilities	2,921	2,982	3,059	3,093
LT debt	12,076	12,076	12,076	12,076
Other LT liabilities	1,882	1,502	1,397	1,398
Shareholders' equity	12,827	13,041	13,326	13,754
Minority interest	(815)	(815)	(815)	(815)
Total liabilities & equity	29,116	29,011	29,267	29,730

KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	25.2	28.3	28.2	29.0
Pre-tax margin	5.9	11.9	12.9	14.7
Net margin	3.6	10.6	11.4	12.8
ROA	1.3	4.0	4.4	5.0
ROE	2.9	8.9	9.7	10.8
Growth				
Turnover	18.4	6.6	2.6	2.3
EBITDA	28.4	19.8	2.5	5.3
Pre-tax profit	n.a.	113.1	11.4	16.4
Net profit	n.a.	213.4	10.4	15.0
Net profit (adj.)	279.9	75.0	10.4	15.0
EPS	279.9	75.0	10.4	15.0
Leverage				
Debt to total capital	50.6	50.2	49.6	48.7
Debt to equity	95.9	94.3	92.3	89.4
Net debt/(cash) to equity	65.6	59.0	51.9	44.2
Interest cover (x)	3.4	5.2	5.6	6.2

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited (“UOBKH”), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report (“Information”) has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the “Subject Business”); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc (“UOBKHUS”), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority (“FINRA”) and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries or jurisdictions by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2024, UOB Kay Hian Pte Ltd. All rights reserved.

<http://research.uobkayhian.com>

RCB Regn. No. 197000447W