

COMPANY RESULTS

Genting Singapore (GENS SP)

3Q24: Unexpected Setbacks

GENS' 3Q24 results reflect deteriorating gaming revenue on the back of weaker gaming volumes in both the VIP and mass segments. The VIP win rate was also exceptionally low in the quarter, fully offsetting the non-gaming segment's resilient improvement. Beyond this set of weak results, however, we remain convinced GENS offers meaningful capital upside, given its steep valuations discount and commendable dividend yield. We cut our 2024-25 earnings. Maintain BUY with a lower target price of S\$1.12.

3Q24 RESULTS

Year to 31 Dec (\$m)	3Q24	qoq % chg	yoy % chg	9M24	yoy % chg
Revenue	561.9	(1.6)	(18.5)	1,917.7	8.3
-Singapore	561.8	(0.8)	(18.5)	1,912.6	8.1
- Gaming	330.0	(13.5)	(28.2)	1,287.6	6.7
- Non-gaming	231.8	25.3	0.7	625.0	10.9
Core adjusted EBITDA	163.9	(18.5)	(52.5)	734.7	(7.9)
Core Net profit	90.9	(17.5)	(57.8)	450.4	(11.2)
Margins		+/- ppt	+/- ppt		+/- ppt
Adjusted EBITDA (%)	35.2	(11.9)	(8.5)	42.1	0.2

Source: GENS, UOB Kay Hian

RESULTS

- 3Q24: Below consensus and our expectations.** Resort World Sentosa's (RWS) 3Q24 revenue (-2% qoq, -19% yoy) and EBITDA (-19% qoq; -53% yoy) plunged steeply. Earnings were weaker qoq, presumably due to seasonally softer patronage, lower VIP hold and an absence of mega events. 9M24 EBITDA represented merely 63% and 65% of our and consensus full-year forecasts respectively.
- Gaming statistics dragged by lower visitations and exceptionally weak VIP luck factor.** Gaming revenue in 3Q24 deteriorated 14% qoq and merely represented 81% of pre-pandemic level (2Q24: 87%). This presumably reflects an exceptionally low-base VIP win percentage of 2.45% (3Q23: 3.19%/2Q24: 2.91%) and softer betting volume (gross gaming revenue: -10% qoq). Meanwhile, VIP GGR is estimated to have declined around 18% qoq, while mass GGR fell by 6% qoq.

KEY FINANCIALS

Year to 31 Dec (\$m)	2022	2023	2024F	2025F	2026F
Net turnover	1,725	2,418	2,418	2,653	2,785
EBITDA	774	1,026	999	1,163	1,223
Operating profit	440	658	651	777	800
Net profit (rep./act.)	340	612	706	724	747
Net profit (adj.)	374	634	592	692	711
EPS (\$ cent)	3.1	5.3	5.7	5.9	5.7
PE (x)	26.3	15.5	17.1	14.6	14.2
P/B (x)	1.2	1.2	1.2	1.2	1.2
EV/EBITDA (x)	8.3	6.3	7.0	6.4	6.5
Dividend yield (%)	3.7	4.9	4.8	5.4	6.5
Net margin (%)	19.7	25.3	24.5	26.1	25.5
Net debt/(cash) to equity (%)	(43.2)	(44.0)	(39.6)	(33.5)	(27.2)
ROE (%)	4.3	7.6	7.2	8.3	8.4
Consensus net profit	-	-	683	736	780
UOBKH/Consensus (x)	-	-	0.87	0.94	0.91

Source: Genting Singapore PLC, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	S\$0.84
Target Price	S\$1.12
Upside	+33.3%
(Previous TP)	S\$1.18)

COMPANY DESCRIPTION

Genting Singapore is a Singapore-based regional leisure, hospitality and integrated resorts development specialist.

STOCK DATA

GICS sector	Consumer Discretionary
Bloomberg ticker:	GENS SP
Shares issued (m):	12,072.0
Market cap (\$m):	10,140.5
Market cap (US\$m):	7,652.6
3-mth avg daily t'over (US\$m):	17.6

Price Performance (%)

52-week high/low S\$1.18/S\$0.795

1mth	3mth	6mth	1yr	YTD
(4.6)	2.4	(5.6)	(4.6)	(16.8)

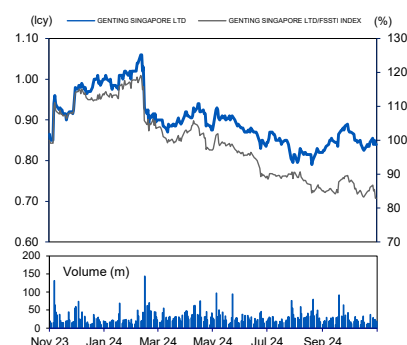
Major Shareholders

Major Shareholders	%
Genting Bhd	52.6
Vanguard Group	1.9
BlackRock	1.6

FY24 NAV/Share (S\$) 0.70

FY24 Net Cash/Share (S\$) 0.28

PRICE CHART



Source: Bloomberg

ANALYST(S)

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• **Non-gaming segment, however, charted resilient improvement.** Bucking the trend of declining earnings, RWS' non-gaming segment surprised with major operational refinement. Non-gaming revenue surged 25% qoq and 1% yoy, despite lower daily available rooms of around 1,190 rooms (3Q23: around 1,530 rooms) following the closure of Hard Rock Hotel in early-March for renovations and rebranding. Meanwhile, hotel occupancy rate of 86% (2Q24: 85%) and average room rate of S\$520 (2Q24: S\$495) were slightly higher qoq.

STOCK IMPACT

• **Momentum of foreign tourist visitations improving but still hovering below pre-pandemic levels.** According to the Singapore Tourism Board (STB), tourist arrivals in 3Q24 recovered to around 88% of pre-pandemic levels (2Q24: 83%). On a seasonally and month-length adjusted basis, however, international visitor arrivals to Singapore were flat in October at around 86% of pre-pandemic levels. We remain hopeful of a steady improvement in foreign visitation in 4Q24-2025 as intra-Asia flight capacities slowly get restored to pre-pandemic levels, which should prompt Genting Singapore's (GENS) GGR to inch towards 2019's level.

• **Anticipating progressive growth trajectories, anchored on confluence of positive catalysts.** For the rest of 2024, we remain optimistic that GENS will continue to deliver sequential earnings growth. Our positivity is premised on: a) accelerated recovery in foreign visitations and flight frequencies; b) plenty of mega entertainment events in the pipeline; c) a sustained trend of higher spending per capita in RWS; and d) RWS' intensified marketing efforts through digital platforms which will attract more footfall and spending.

• **Awaiting more newsflow on Thailand's casino legalisation.** Thailand's authority has finished the draft of the Entertainment Complex Act earlier in September which may potentially legalise casino operations. Under the bill, the initial licence tenure is 30 years and can be renewed for another 10 years after. Currently, the bill is currently undergoing the public consultation processes before it can be tabled in cabinet. While details such as the number of licences and the proposed locations have yet to be finalised, we understand that several well-known operators such as Galaxy Entertainment Group, MGM Resorts, Las Vegas Sands and Genting Group have indicated their interest. If GENS is able to secure a Thailand casino license, mid-long-term earnings and growth prospects will be elevated.

• **RWS' mid-term growth anchored on revised S\$6.8b expansion plan.** RWS has significantly increased its commitment to spend S\$6.8b (initially: S\$4.5b) over five years to elevate the resort's vibrancy, with various attractions targeted to be rolled out in phases (refer to RHS table). While the remake of Hotel Ora was completed in May 23 and boosted RWS' room inventory by 389 keys, we understood that construction works on both Minion Land and the Singapore Oceanarium are progressing well. Earlier in May, GENS also received provisional permission from the Urban Redevelopment Authority (URA) to develop its 21,243 sqm waterfront development which will eventually add 700 hotel rooms to RWS.

• **Healthy balance sheet and huge cash pile offer optimism for better capital and yield management.** With resilient cashflow delivery, we believe that management now has more flexibility to better utilise its sizeable capital which includes net cash of S\$3.6b (30.3 S cents/share) as of 2Q24. After dropping its decade-long pursuit of clinching a pricey Japan IR concession last year, we also do not rule out GENS possibly exploring other brownfield and greenfield opportunities in the region.

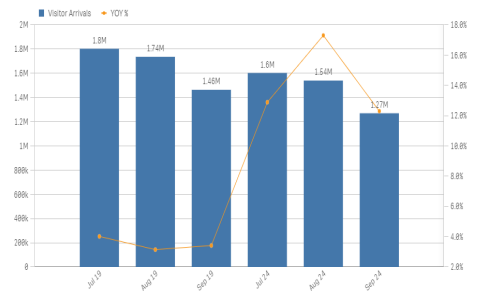
EARNINGS REVISION/RISK

• **We reduce our 2024-25 EBITDA forecasts by 16 and 7% respectively** to account for 3Q24's exceptionally poor VIP luck factor and overall slower-than-expected international patronage recovery.

VALUATION/RECOMMENDATION

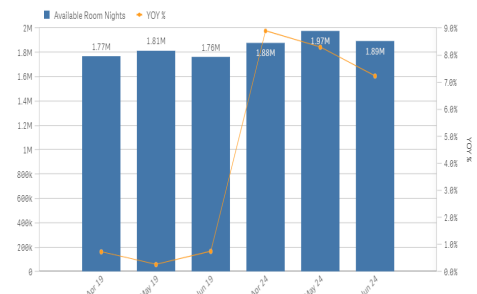
• **Maintain BUY with a lower target price of S\$1.12 (from S\$1.18)** as we cut our earnings forecasts. Our target price implies 9.3x 2025F EV/EBITDA (-0.5SD below mean).

SINGAPORE'S TOURIST ARRIVALS (3Q24 VS 3Q19)



Source: Singapore Tourism Analytics Network, UOB Kay Hian

SINGAPORE'S HOTEL AVERAGE ROOM RATES (3Q24 VS 2Q19)



Source: Singapore Tourism Analytics Network, UOB Kay Hian

TIMELINE DEVELOPMENT FOR RWS 2.0 NON-GAMING ATTRACTIONS

Attraction	Timeline
Van Gogh: The Immersive Experience in new theater	Mar-Oct 2023
Hotel Ora (Renovated Festive Hotel)	May 2023
Gourmet Park at The Bull Ring	June 2024
Enhancement of convention center	End 2024
Forum and Coliseum	Early 2025
Singapore Oceanarium	Early 2025
Minion park (replace Madagascar zone)	Early 2025

Source: GENS

KEY ASSUMPTIONS

Year	FY23	FY24F	FY25F
Revenue (\$m)	2,418	2,418	2,653
EBITDA (\$m)	1,026	999	1,163
Hotel Occupancy (%)	81%	90%	90%

Source: UOB Kay Hian

EARNINGS TREND OF GEN S AND MBS

----- Genting Singapore (GENS) -----					
(\$m)	3Q23	4Q23	1Q24	2Q24	3Q24
Revenue	689.9	647.3	784.4	571.3	561.9
EBITDA	345.4	227.8	369.5	201.3	163.9
Gaming Revenue	459.6	441.0	576.0	381.6	330.0
----- Marina Bay Sands (MBS) -----					
(\$m)	3Q23	4Q23	1Q24	2Q24	3Q24
Revenue	1,369.9	1,431.8	1,552.1	1,375.0	1,212.9
EBITDA	662.7	734.1	800.2	692.9	535.8
Gaming Revenue	942.1	1,000.0	1,151.3	955.4	791.9

Source: Respective companies, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (\$m)	2023	2024F	2025F	2026F
Net turnover	2,418	2,418	2,653	2,785
EBITDA	1,026	999	1,163	1,223
Deprec. & amort.	367	348	386	422
EBIT	658	651	777	800
Associate contributions	4	4	4	4
Net interest income/(expense)	138	98	98	99
Pre-tax profit	777	752	878	903
Tax	(165)	(160)	(187)	(192)
Minorities	0	0	0	0
Preferred dividends	0	0	0	0
Net profit	612	592	692	711
Net profit (adj.)	634	592	692	711

CASH FLOW

Year to 31 Dec (\$m)	2023	2024F	2025F	2026F
Operating	959	966	1,087	1,150
Pre-tax profit	777	752	878	903
Tax	(130)	(160)	(187)	(192)
Deprec. & amort.	340	348	386	422
Associates	0	0	0	0
Working capital changes	(210)	26	9	15
Other operating cashflows	182	0	1	2
Investing	(389)	(800)	(1,000)	(1,000)
Capex (growth)	(328)	(800)	(1,000)	(1,000)
Investments	0	0	0	0
Proceeds from sale of assets	1	0	0	0
Others	(63)	0	0	0
Financing	(426)	(484)	(544)	(665)
Dividend payments	(423)	(484)	(544)	(665)
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	(3)	0	0	0
Others/interest paid	0	0	0	0
Net cash inflow (outflow)	143	(317)	(457)	(515)
Beginning cash & cash equivalent	3,465	3,605	3,287	2,830
Changes due to forex impact	(3)	0	0	0
Ending cash & cash equivalent	3,605	3,287	2,830	2,315

BALANCE SHEET

Year to 31 Dec (\$m)	2023	2024F	2025F	2026F
Fixed assets	4,960	5,592	6,206	6,784
Other LT assets	230	230	230	230
Cash/ST investment	3,605	3,412	2,994	2,516
Other current assets	352	273	284	295
Total assets	9,147	9,507	9,713	9,824
ST debt	2	2	2	2
Other current liabilities	758	715	741	768
LT debt	1	1	1	1
Other LT liabilities	194	373	372	371
Shareholders' equity	8,192	8,415	8,597	8,682
Minority interest	0	0	0	0
Total liabilities & equity	9,147	9,507	9,713	9,824

KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	42.4	41.3	43.8	43.9
Pre-tax margin	32.1	31.1	33.1	32.4
Net margin	25.3	24.5	26.1	25.5
ROA	6.8	6.5	7.5	7.7
ROE	7.6	7.3	8.5	8.7
Growth				
Turnover	40.1	0.0	9.7	5.0
EBITDA	32.5	(2.6)	16.5	5.1
Pre-tax profit	70.1	(5.9)	16.8	2.8
Net profit	79.8	(6.5)	16.9	2.9
Net profit (adj.)	69.5	(6.5)	16.9	2.9
EPS	69.5	(6.5)	16.9	2.9
Leverage				
Debt to total capital	0.0	0.0	0.0	0.0
Debt to equity	0.0	0.0	0.0	0.0
Net debt/(cash) to equity	(44.0)	(39.6)	(33.5)	(27.2)

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