

COMPANY RESULTS

Genting Singapore (GENS SP)

1Q23: Poorer Gaming Revenues, But Better Quarters Ahead

GENS' 1Q23 core adjusted EBITDA undershot expectations, falling 25% qoq from the seasonally strong 4Q22, and reflected lower non-gaming revenues and presumably a less favourable normalisation of luck factor. RWS' gaming revenue significantly trailed rival MBS'. Nevertheless, we maintain our 2023 earnings forecasts, to reflect better luck factor, stronger non-gaming revenues and also improving foreign visitation in the coming quarters. Maintain BUY. Target price: S\$1.25.

1Q23 RESULTS

Year to 31 Dec (\$m)	1Q23	qoq % chg	yoy % chg
Revenue	484.5	(10.7)	54.0
-Singapore	484.4	(10.7)	55.9
- Gaming	339.9	(8.6)	45.0
- Non-gaming	144.4	(15.3)	89.3
Core adjusted EBITDA	191.7	(25.1)	53.6
Core net profit	131.2	(1.6)	201.4

Source: Genting Singapore, UOB Kay Hian

RESULTS

- **Results moderately below expectations...** Resorts World Singapore's (RWS) 1Q23 adjusted EBITDA of S\$191.7m (-25% qoq; +54% yoy) accounted for 16% of our full-year forecast. Gaming and non-gaming revenue fell 9% and 15% respectively from the seasonally strong 4Q22. The gaming division accounted for 70% of group revenue in 1Q23. Adjusted EBITDA fell 7.6ppt to 39.6%.
- **...which we attribute mainly to poorer luck factor.** EBITDA declined qoq from the seasonally stronger 4Q22 and was larger than expected, as we gauged that the VIP win percentage fell significantly below the theoretical level, vs 4Q22's above-theoretical win percentage.
- **Gaming volumes appear to remain resilient.** Genting Singapore's (GENS) press announcement stated that RWS' 1Q23 hold-adjusted GGR would have improved 12% qoq to S\$530m. This works out to having a hypothetical 34% share of Singapore's GGR, given rival Marina Bay Sand's near-record 1Q23 GGR of S\$1.0b.

KEY FINANCIALS

Year to 31 Dec (\$m)	2021	2022	2023F	2024F	2025F
Net turnover	1,067	1,725	2,678	2,880	3,024
EBITDA	448	774	1,198	1,288	1,354
Operating profit	176	440	850	914	943
Net profit (rep./act.)	183	340	730	782	805
Net profit (adj.)	150	374	730	782	805
EPS (\$ cent)	1.2	3.1	6.1	6.5	6.7
PE (x)	89.6	35.8	18.3	17.1	16.6
P/B (x)	1.7	1.7	1.6	1.6	1.5
EV/EBITDA (x)	22.6	13.1	8.5	7.9	7.5
Dividend yield (%)	0.9	2.7	3.6	3.6	4.1
Net margin (%)	17.2	19.7	27.3	27.2	26.6
Net debt/(cash) to equity (%)	(39.0)	(43.2)	(39.4)	(36.8)	(32.2)
ROE (%)	2.3	4.3	9.0	9.3	9.3
Consensus net profit	-	-	650	740	771
UOBKH/Consensus (x)	-	-	1.12	1.06	1.04

Source: Genting Singapore, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	S\$1.11
Target Price	S\$1.25
Upside	+12.6%

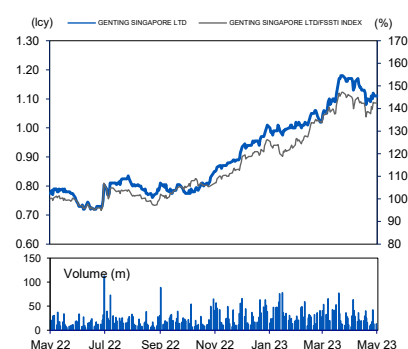
COMPANY DESCRIPTION

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 (S\$m):	13,400.0			
Market cap (US\$m):	10,043.4			
3-mth avg daily t'over (US\$m):	23.4			
Price Performance (%)				
52-week high/low	S\$1.18/S\$0.720			
1mth	3mth	6mth	1yr	YTD
(4.3)	11.0	33.7	45.1	16.2
Major Shareholders				
Genting Bhd				
-				
-				
FY23 NAV/Share (S\$)				
0.68				
FY23 Net Cash/Share (S\$)				
0.27				

PRICE CHART



Source: Bloomberg

ANALYST(S)

Vincent Khoo, CFA
 +603 2147 1998
 vincentkhoo@uobkayhian.com

STOCK IMPACT

- **Steadily unlocking potential in the coming quarters.** We expect to see a steady improvement in gaming volumes and non-gaming revenues in the coming quarters, which will culminate in substantially stronger earnings in 2H23 vs 1H223. Key drivers will be the steady improvement in foreign visitation as intra-Asia flight capacities slowly get restored to pre-pandemic levels (by 4Q23 or 1Q24), and RWS' substantial room capacity increase and premiumisation strategy. The soft opening of 'bleisure' Ora hotel (rebranding of the family-oriented Festive Hotel) in Apr 23 has raised RWS' room capacity by about 30% and average room rates (we expect Ora to command >30% higher RevPAR vs Festive)

EARNINGS REVISION/RISK

- No changes.

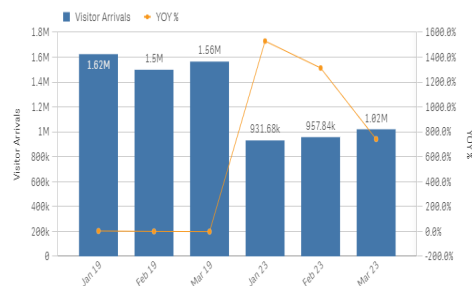
VALUATION/RECOMMENDATION

- **Maintain BUY and target price of S\$1.25**, which implies 9.9x 2023F EV/EBITDA (10-year mean). GENS offers a 5% prospective dividend yield, backed by S\$0.27 net cash/share (23% of market cap).
- However, the stock is expected to be range-bound until revenue and earnings appreciable accelerate in 2H23.

SHARE PRICE CATALYST

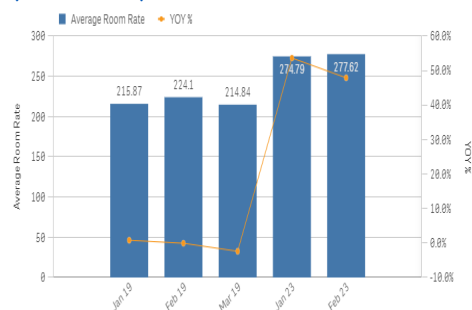
- **Strong earnings growth in 2H23**, driven by the expected recovery of foreign visitation to Singapore, and in particular mainland China tourists who historically accounted for >20% of RWS' revenue.

SINGAPORE'S TOURIST ARRIVAL (1Q19 VS 1Q23)



Source: Singapore Tourism Analytics Network

SINGAPORE'S HOTEL AVERAGE ROOM RATES (1Q19 vs 1Q23)



Source: Singapore Tourism Analytics Network

TIMELINE DEVELOPMENT FOR RWS 2.0 NON-GAMING ATTRACTIONS

Attraction	Timeline
Van Gogh: The Immersive Experience in new theater	March 2023 – October 2023
Hotel Ora (Renovated Festive Hotel)	April 2023
Gourmet Park at The Bull Ring	June 2024
Enhancement of convention center	End 2024
Forum and Coliseum	End 2024
Singapore Oceanarium	End 2024
Minion Land (replace Madagascar zone)	End 2024

Source: GENS

KEY ASSUMPTIONS

Year	FY23F	FY24F	FY25F
Revenue (S\$m)	2,679	2,880	3,024
EBITDA (S\$m)	1,198	1,288	1,354
Hotel Occupancy (%)	90%	90%	90%

Source: UOB Kay Hian

EARNINGS TREND OF GENS AND MBS

Genting Singapore (GENS)					
(S\$m)	1Q22	2Q22	3Q22	4Q22	1Q23
Revenue	314.5	348.6	519.7	542.5	484.5
EBITDA	124.8	143.9	249.4	256.0	191.7
Gaming Revenue	234.5	240.7	382.0	371.7	339.9
Marina Bay Sands (MBS)					
(S\$m)	1Q22	2Q22	3Q22	4Q22	1Q23
Revenue	539.6	935.6	1056.8	942.8	1,130.5
EBITDA	163.6	439.6	479.5	377.4	525.2
Gaming Revenue	362.4	689.0	712.5	555.7	790.5

Source: Respective companies, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (\$m)	2022	2023F	2024F	2025F
Net turnover	1,725	2,678	2,880	3,024
EBITDA	774	1,198	1,288	1,354
Deprec. & amort.	335	348	374	411
EBIT	440	850	914	943
Associate contributions	3	3	3	3
Net interest income/(expense)	49	49	49	49
Pre-tax profit	457	901	965	994
Tax	(117)	(171)	(183)	(189)
Minorities	0	0	0	0
Preferred dividends	0	0	0	0
Net profit	340	730	782	805
Net profit (adj.)	374	730	782	805

BALANCE SHEET

Year to 31 Dec (\$m)	2022	2023F	2024F	2025F
Fixed assets	4,928	5,585	6,011	6,600
Other LT assets	262	262	262	262
Cash/ST investment	3,465	3,258	3,153	2,843
Other current assets	146	214	230	241
Total assets	8,800	9,319	9,655	9,945
ST debt	3	3	3	3
Other current liabilities	587	655	694	721
LT debt	2	2	2	2
Other LT liabilities	208	413	412	411
Shareholders' equity	7,999	8,245	8,545	8,808
Minority interest	0	0	0	0
Total liabilities & equity	8,800	9,319	9,655	9,945

CASH FLOW

Year to 31 Dec (\$m)	2022	2023F	2024F	2025F
Operating	807	1,077	1,179	1,233
Pre-tax profit	457	901	965	994
Tax	(64)	(171)	(183)	(189)
Deprec. & amort.	335	348	374	411
Associates	0	0	0	0
Working capital changes	37	(1)	23	16
Other operating cashflows	42	0	0	1
Investing	(187)	(800)	(800)	(1,000)
Capex (growth)	(113)	(800)	(800)	(1,000)
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	(74)	0	0	0
Financing	(447)	(484)	(484)	(544)
Dividend payments	(241)	(484)	(484)	(544)
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	(204)	0	0	0
Others/interest paid	(2)	0	0	0
Net cash inflow (outflow)	173	(206)	(105)	(311)
Beginning cash & cash equivalent	3,326	3,465	3,258	3,153
Changes due to forex impact	(34)	0	0	0
Ending cash & cash equivalent	3,465	3,258	3,153	2,843

KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
Profitability				
EBITDA margin	44.9	44.7	44.7	44.8
Pre-tax margin	26.5	33.7	33.5	32.9
Net margin	19.7	27.3	27.2	26.6
ROA	3.9	8.1	8.2	8.2
ROE	4.3	9.0	9.3	9.3
Growth				
Turnover	61.7	55.2	7.5	5.0
EBITDA	72.8	54.7	7.5	5.1
Pre-tax profit	101.8	97.4	7.1	3.0
Net profit	85.5	114.7	7.1	3.0
Net profit (adj.)	150.3	95.1	7.1	3.0
EPS	150.3	95.1	7.1	3.0
Leverage				
Debt to total capital	0.1	0.1	0.1	0.1
Debt to equity	0.1	0.1	0.1	0.1
Net debt/(cash) to equity	(43.2)	(39.4)	(36.8)	(32.2)
Interest cover (x)			44.0	91.1

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 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 2023, UOB Kay Hian Pte Ltd. All rights reserved.

<http://research.uobkayhian.com>

RCB Regn. No. 197000447W