

COMPANY RESULTS

Genting Singapore (GENS SP)

4Q23: Ending 2023 With A Slight Bump

Tracing MBS, GENS' 4Q23 results reflect operational normalisation from 3Q23's high base due to an absence of mega entertainment events and lower visitations. That said, we observed higher regional tourist arrivals and consumption moving into 2024, especially during the CNY period. We remain convinced that such a growth trend will be sustained throughout 2024, backed by intra-regional tourism ramp-up, a solid concerts pipeline, and RWS' premiumisation. Maintain BUY. Target price: S\$1.25.

4Q23 RESULTS

Year to 31 Dec (\$m)	4Q23	qoq % chg	yoy % chg	2023	yoy % chg
Revenue	647.3	(6.2)	19.3	2,417.6	40.1
-Singapore	647.2	(6.2)	19.4	2,417.0	41.1
- Gaming	441.0	(4.0)	18.7	1,647.6	34.1
- Non-gaming	206.1	(10.4)	20.9	769.5	58.8
Core adjusted EBITDA	227.8	(34.0)	(11.0)	1,025.6	32.5
Core Net profit	127.1	(41.0)	(4.7)	634.4	69.5

Source: GENS, UOB Kay Hian

RESULTS

- 4Q23: Well within our expectations, but below consensus'.** Genting Singapore (GENS) reported 4Q23 revenue (-6% qoq, +19% yoy) and EBITDA (-34% qoq; -11% yoy). 2023 net profit represented 101% and 92% of our and consensus full-year forecasts respectively.
- Qoq earnings weakness attributed to absence of crowd-pulling events.** We estimate that both GENS' gaming and non-gaming volume declined qoq in 4Q23. This set of qoq weakening results charted a similar trend as Marina Bay Sands (MBS), presumably reflecting consumption slowdown and lower visitations from 3Q23. The absence of mega entertainment events such as the F1 events in 3Q23 resulted in normalisation of gaming volume on fewer VIP high rollers, besides lower hotel and F&B contributions. To note, Singapore's 4Q23 total visitor arrivals of 3.47m declined about 10% qoq and merely represented around 73% of 2019's.
- Sustaining final DPS of 2 S cents, full-year payout ratio of about 70%.** GENS declared a 2 S cent final DPS (4Q22: 2 S cents). Together with the 1.5 S cents interim DPS declared in 2Q23, this brings GENS' 2023 DPS to 3.5 S cents (2022: 3 S cents) and implies a full-year yield of 3%.

KEY FINANCIALS

Year to 31 Dec (\$m)	2022	2023	2024F	2025F	2026F
Net turnover	1,725	2,418	2,880	3,024	3,177
EBITDA	774	1,026	1,286	1,351	1,421
Operating profit	440	658	938	965	998
Net profit (rep./act.)	340	612	779	801	829
Net profit (adj.)	374	634	779	801	829
EPS (S\$ cent)	3.1	5.3	6.5	6.6	6.9
PE (x)	33.2	19.6	15.9	15.5	15.0
P/B (x)	1.6	1.5	1.5	1.4	1.4
EV/EBITDA (x)	11.5	8.7	6.9	6.6	6.3
Dividend yield (%)	2.9	3.9	3.9	4.4	5.3
Net margin (%)	19.7	25.3	27.1	26.5	26.1
Net debt/(cash) to equity (%)	(43.2)	(44.0)	(41.2)	(36.1)	(31.0)
ROE (%)	4.3	7.6	9.3	9.3	9.4
Consensus net profit	-	-	765	807	757
UOBKH/Consensus (x)	-	-	1.02	0.99	1.10

Source: Genting Singapore PLC, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	S\$1.03
Target Price	S\$1.25
Upside	+21.4%

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):	12,434.2
Market cap (US\$m):	9,271.6
3-mth avg daily t'over (US\$m):	17.2

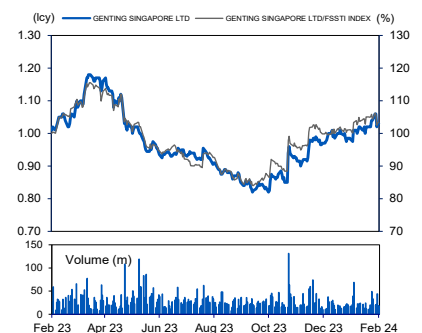
Price Performance (%)

52-week high/low	S\$1.18/S\$0.820			
1mth	3mth	6mth	1yr	YTD
4.6	11.4	13.8	2.0	3.0

Major Shareholders

Genting Bhd	52.6
Vanguard Group	1.8
BlackRock	1.7
FY24 NAV/Share (S\$)	0.70
FY24 Net Cash/Share (S\$)	0.29

PRICE CHART



Source: Bloomberg

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STOCK IMPACT

- Moving on to a fruitful 2024, featuring confluence of positive catalysts.** Moving into 2024, we remain upbeat on GENS' prospects. Our optimism lays on: a) accelerated recovery of foreign visitations and flight frequencies, b) plenty of major entertainment events in 1H24 which include Coldplay, Mayday and Taylor Swift's concerts, c) sustained trend of higher average spending in Resort World Sentosa (RWS), d) earnings accretion from Hotel Ora (launched in May 23) which will lift key inventories by about 30%, and e) RWS' intensified marketing efforts through digital platform which will attract more footfall and spending.
- Signs of robust tourist arrival continues to be positive...** Based on the Singapore Tourism Board (STB), tourist arrivals in Jan 24 recovered to about 89% of pre-pandemic's level (4Q23:73%). We think that GENS' 1H24 results will be boosted by higher China tourist arrivals, elevated by improvement in scheduled flight seat capacity from China (reaching around 77% of 2019's level). We continue to expect steady improvement in foreign visitations in 1H24 as intra-Asia flight capacities slowly get restored to pre-pandemic levels, prompting GENS' GGR to significantly exceed 2019's level.
- ...especially China visitations which have charted strong momentum ytd.** To note, a 30-day visa exemption arrangement between China and Singapore was implemented since early-Jan 24. It is also envisioned that regional flight capacities from Mainland China would be close to full reinstatement by 1H24. Based on travel website operator Trip.com bookings to Singapore, Thailand and Malaysia from China increased >30% vs 2019's level. Our on-the-ground channel checks also revealed that RWS was packed with visitors queuing to enter the casinos and placing bets during the first week of Chinese New Year (CNY). China's top-three airlines' international flight capacity further recovered to >75% of pre-pandemic's level as of Jan 24 (3Q23: 58-61%).
- Revised S\$6.8b expansion plan will eventually anchor RWS as one of Asia's most sought-after tourism destination.** RWS has significantly increased 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 RHS table). While the remake of Hotel Ora completed in May 23 boosted RWS' room inventory by 389 keys, we understood that construction works on both Minion Land and the Singapore Oceanarium are progressing well. Earlier this month, GENS also received provisional permission from the Urban Redevelopment Authority (URA) to develop its 21,243sqm Waterfront development which will eventually add 700 hotel rooms to RWS.
- RWS' premiumisation fruitful over mid- to long-term horizon.** We retain our view that RWS' ongoing revamp will allow it to capitalise on the thus-far sustained higher spending per capita at the integrated resort, with the premiumisation being led by its non-gaming segment. Spending per capita has also risen markedly since Singapore emerged from the COVID-19-related lockdown, eg time spent at theme parks and average hotel room rate have risen about 20% and >50% from pre-pandemic levels.
- Healthy balance sheet and huge cash pile entrench better capital and yield management.** With the pandemic-related disruptions coming to a tail end, we believe that management now has more flexibility to better utilise its sizeable capital which includes net cash of S\$3.6b (29.8 S cents/share) as of 4Q23. After dropping its decade-long pursuit of clinching a pricey Japan IR concession last year, and with no new compelling projects to consider, we also do not rule out that GENS may also consider to explore potential brownfield and greenfield opportunities in the region.

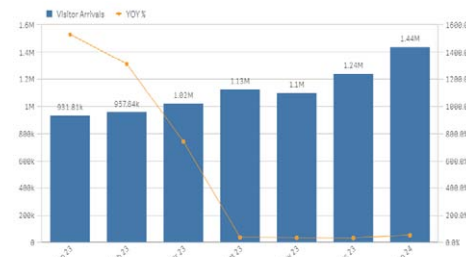
EARNINGS REVISION/RISK

- We introduced 2026F earnings forecasts.**

VALUATION/RECOMMENDATION

- Maintain BUY with an unchanged target price of S\$1.25**, which implies 9x 2024F EV/EBITDA (-0.3SD below 10-year mean).

SINGAPORE'S TOURIST ARRIVAL (4Q23)



Source: Singapore Tourism Analytics Network, UOB Kay Hian

SINGAPORE'S HOTEL AVERAGE ROOM RATES (4Q19 VS 4Q23)



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	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)	4Q22	1Q23	2Q23	3Q23	4Q23
Revenue	542.5	484.5	595.9	689.9	647.3
EBITDA	256.0	191.7	260.7	345.4	227.8
Gaming Revenue	371.7	339.9	407.0	459.6	441.0
Marina Bay Sands (MBS)					
(S\$m)	4Q22	1Q23	2Q23	3Q23	4Q23
Revenue	942.8	1,130.5	1,238.9	1,369.9	1,431.8
EBITDA	377.4	525.2	578.6	662.7	734.1
Gaming Revenue	555.7	790.5	869.2	942.1	1,000.0

Source: Respective companies, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (\$m)	2023	2024F	2025F	2026F
Net turnover	2,418	2,880	3,024	3,177
EBITDA	1,026	1,286	1,351	1,421
Deprec. & amort.	367	348	386	422
EBIT	658	938	965	998
Associate contributions	4	4	4	4
Net interest income/(expense)	138	49	49	51
Pre-tax profit	777	990	1,018	1,053
Tax	(165)	(211)	(217)	(224)
Minorities	0	0	0	0
Preferred dividends	0	0	0	0
Net profit	612	779	801	829
Net profit (adj.)	634	779	801	829

CASH FLOW

Year to 31 Dec (\$m)	2023	2024F	2025F	2026F
Operating	959	1,182	1,205	1,270
Pre-tax profit	777	990	1,018	1,053
Tax	(130)	(211)	(217)	(224)
Deprec. & amort.	340	348	386	422
Associates	0	0	0	0
Working capital changes	(210)	54	16	17
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	(102)	(340)	(395)
Beginning cash & cash equivalent	3,465	3,605	3,502	3,163
Changes due to forex impact	(3)	0	0	0
Ending cash & cash equivalent	3,605	3,502	3,163	2,768

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	3,502	3,163	2,768
Other current assets	352	287	298	310
Total assets	9,147	9,611	9,896	10,091
ST debt	2	2	2	2
Other current liabilities	758	746	774	802
LT debt	1	1	1	1
Other LT liabilities	194	373	372	371
Shareholders' equity	8,192	8,489	8,748	8,914
Minority interest	0	0	0	0
Total liabilities & equity	9,147	9,611	9,896	10,091

KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	42.4	44.6	44.7	44.7
Pre-tax margin	32.1	34.4	33.6	33.1
Net margin	25.3	27.1	26.5	26.1
ROA	6.8	8.3	8.2	8.3
ROE	7.6	9.3	9.3	9.4
Growth				
Turnover	40.1	19.1	5.0	5.0
EBITDA	32.5	25.4	5.1	5.1
Pre-tax profit	70.1	27.5	2.8	3.4
Net profit	79.8	27.5	2.8	3.4
Net profit (adj.)	69.5	22.9	2.8	3.4
EPS	69.5	22.9	2.8	3.4
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)	(41.2)	(36.1)	(31.0)

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