

SECTOR UPDATE

Gaming – Singapore

MBS 1Q24: Record High Earnings Lifted By Robust Tourism Statistics And Major Entertainment Events

MBS' 1Q24 net gaming revenue rose 15% qoq, achieving a record high at about 156% of pre-pandemic levels. This mainly reflects a continuously strong VIP market segment (volume exceeded 2019's level) and mass market segment (all-time high gaming revenue). 1Q24's record-high results were also boosted by higher tourist arrivals and spending, driven by mega entertainment events such as Taylor Swift's six concerts. Maintain OVERWEIGHT. BUY Genting Singapore.

WHAT'S NEW

- MBS: All-time high quarter well above pre-pandemic levels.** Las Vegas Sands' (LVS) 1Q24 results revealed that Marina Bay Sands' (MBS) adjusted EBITDA surged about 10% qoq to US\$597m, the highest quarterly figure since its opening and well exceeding 2019's numbers. In 1Q24, MBS' net gaming revenue improved 15% qoq and exceeded pre-pandemic levels (about 156% of 1Q19's level). On a constant currency basis (in Singapore dollars), the mass market's (tables and slots) 1Q24 gross gaming revenue (GGR) improved 16% qoq, while VIP GGR rose 12% qoq. The mass:VIP GGR mix for tables (ie excluding slots) stood at 55%:45% in 1Q24 (1Q23: 60%:40%, 4Q23: 52%:48%). MBS' 1Q24 EBITDA margin improved 0.3% qoq and 5.1% yoy respectively to 51.6ppt (4Q23: 51.3ppt, 1Q23: 46.5ppt).
- Mass market: Reaching another record high.** In Singapore dollars, we estimate that the mass market's non-rolling chip volume grew further and rose 14% qoq to represent the highest quarter ever in history (about 159% of pre-pandemic levels), while slot handle also improved 6% qoq to hit a historical high. The overall mass market GGR rose meaningfully by 16% qoq, reflecting a 5% growth in mass volume which have offset lower slots win rate. Mass table GGR surged 25% qoq while slot GGR improved 3% qoq in 1Q24.
- VIP: Strong return of RCV offset marginally lower win rate, lifting qoq GGR.** On a constant currency basis, we estimate MBS' 1Q24 rolling chip volume (RCV) improved tremendously by 13% qoq (+17% yoy) and represented 114% of pre-pandemic levels. Despite a qoq marginally lower win rate of 4.52% in 1Q24 (4Q23: 4.57%), GGR leaped 12% qoq. On a yoy basis, VIP GGR rose 79% from 1Q23's low base, reflecting a higher win rate of 4.52% (1Q23: 2.96%) and improving RCV (+17% yoy).
- RWS: Spillover benefits from "Swiftonomics" and robust tourist arrivals anchoring similarly robust 1Q24.** We expect Genting Singapore (GENS) to follow in MBS' footsteps and rake in the higher tourist arrivals and spending from Taylor Swift's six sold-out Eras Tour concerts in 1Q24. Moreover, stronger qoq operating matrixes were anticipated during the Chinese New Year festival and accelerated growth of international tourist arrivals (including from China) upon ramp-ups of flight frequencies and capacities.

ACTION

- Maintain OVERWEIGHT on optimistic GGR and tourist recovery outlook.** We remain upbeat on the prospects for Singapore's gaming sector in 2024, featuring a confluence of positive catalysts such as accelerated tourist visitations momentum, plenty of mega entertainment events in the pipeline, and a sustained trend of higher spending per capita in the nation.
- Maintain BUY on Genting Singapore with a target price of S\$1.25,** which implies 9x 2024F EV/EBITDA (-0.5SD below mean). GENS offers a 4.4% prospective dividend yield, backed by S\$0.298 net cash/share (33% of market cap).

RISKS

- Downside risks to our forecasts will be potential escalation of geopolitical tension, and China's crackdown and tightening of capital outflow which may impact both VIP and mass volumes.

OVERWEIGHT
(Maintained)

STOCK RECOMMENDATION

Company	Ticker	Rec	Share Price	Target Price
Genting Singapore	GENS SP	BUY	S\$0.91	S\$1.25

Source: Bloomberg, UOB Kay Hian

KEY ASSUMPTIONS

Year	FY23	FY24F	FY25F
Revenue (S\$m)	2,418	2,880	3,024
EBITDA (S\$m)	1,026	1,288	1,354
Hotel Occupancy (%)	90%	90%	90%

Source: UOB Kay Hian

ANALYST(S)

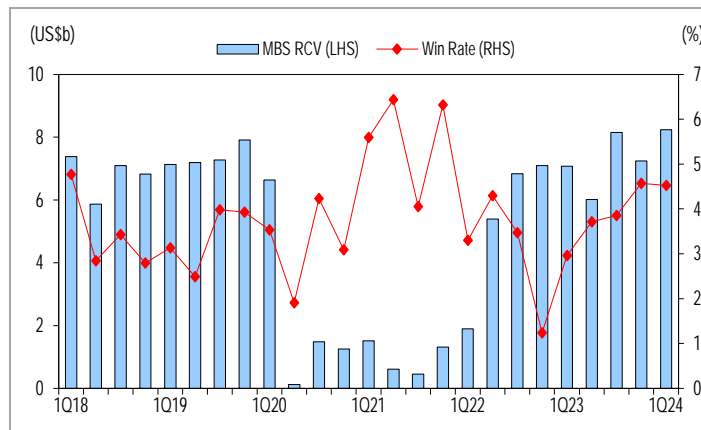
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SNAPSHOT OF GENS' AND MBS' RESULTS

(\$m)	Genting Singapore (GENS)				Marina Bay Sands (MBS)				
	1Q23	2Q23	3Q23	4Q23	1Q23	2Q23	3Q23	4Q23	1Q24
Net Daily Gaming Revenue	3.8	4.5	5.0	4.7	8.8	9.6	10.2	10.9	12.7
Net Gaming Revenue	339.9	407.0	459.6	441.0	790.5	869.2	942.1	1000.0	1151.3
GGR:									
VIP GGR	n.a.	n.a.	n.a.	n.a.	279.2	298.8	423.5	446.5	499.3
Mass GGR*	n.a.	n.a.	n.a.	n.a.	422.3	455.8	459.9	480.8	600.1
Slot GGR*	-	-	-	-	311.5	321.4	309.2	310.9	319.6
GGR Mix for Tables:									
- VIP (%)	n.a.	n.a.	n.a.	n.a.	40%	40%	48%	48%	45%
- Mass (%)	n.a.	n.a.	n.a.	n.a.	60%	60%	52%	52%	55%
Volume & Win:									
Rolling Chip Volume - VIP	n.a.	n.a.	n.a.	n.a.	9,431.7	8,053.2	10,998.7	9,770.4	11,045.4
Rolling Chip Win (%)	n.a.	n.a.	n.a.	n.a.	2.96%	3.71%	3.85%	4.57%	4.52%
Non-Rolling Chip Drop - Mass	-	-	-	-	2,234.3	2,504.5	2,613.0	2,543.8	2,899.1
Non-Rolling Chip Win (%)	-	-	-	-	18.90%	18.20%	17.60%	18.90%	20.70%
Slot Handle*	-	-	-	-	7,416.0	8,034.5	8,589.5	8,402.0	8,878.1
Slot Hold (%)*	-	-	-	-	4.20%	4.00%	3.60%	3.70%	3.60%
EBITDA Margin (%)	39.6%	43.7%	50.1%	35.2%	46.5%	46.7%	48.4%	51.3%	51.6%
EBITDA	191.7	260.7	345.4	227.8	525.2	578.6	662.7	734.1	800.2

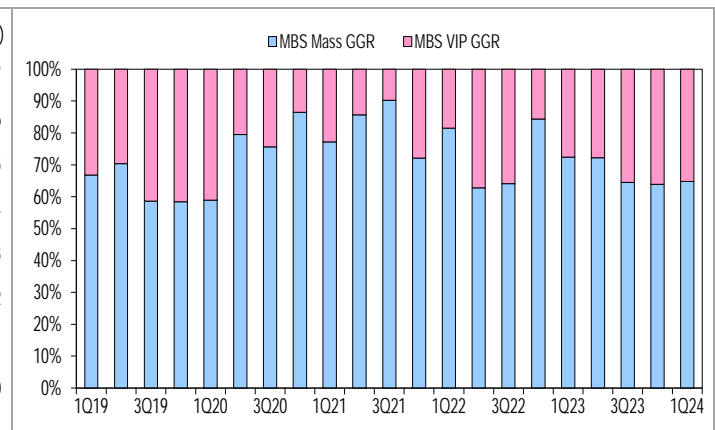
* GENS' mass GGR is just an approximation and includes both table games and slots
Source: GENS, LVS, UOB Kay Hian

MBS – QUARTERLY RCV AND WIN RATE



Source: LVS, UOB Kay Hian

MBS – QUARTERLY VIP: MASS GGR MIX



Source: LVS, UOB Kay Hian

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