

## Genting Singapore (GENS SP)

# 'Unlucky' quarter; further upside may be limited

### D/G to HOLD from BUY with TP cut 14% to SGD1.26

We D/G to HOLD as the shares are fairly valued on our revised TP. We see limited scope for future positive earnings surprises due to the decelerating Chinese economy and increasing competition. In addition, 2Q18 earnings were below our expectation due to a low VIP win rate. Thus, we apply a lower 10x FY18 EV/EBITDA (slightly below 5-yr mean) vs. 12x previously and cut our TP to SGD1.26 from SGD1.46 (Fig. 11). We believe GENS has a good chance of winning a Japanese casino licence ([link](#)) but it will be at least a year before a winner is announced.

### 2Q18 results disappointed due to low VIP win rate

2Q18 core net profit of SGD162.8m (+2% YoY, -32% QoQ) was below our expectation at 22% of our full-year estimate. The shortfall was due to a low 2Q18 VIP win rate of 2.6% or -25bps below our forecast. That said, 6M18 EBITDA of SGD624.8m (+9% YoY) and 6M18 core net profit of SGD403.1m (+29% YoY) were still within our expectations at 53% and 54% of our full-year estimates due to the high 1Q18 VIP win rate of 3.2%. The first interim DPS of 1.5cents (+0% YoY) was also within our expectation.

### Earnings estimates unchanged but ...

The 2Q18 normalized VIP win rate EBITDA was SGD285.3m or 24% of our full-year estimate. That said, we are turning cautious. Although 2Q18 RWS VIP volume grew 27% YoY, 2Q18 industry VIP volume fell 14% YoY (Fig 6) and 2Q18 RWS mass market GGR declined -5% YoY and -15% QoQ (Fig 4). While GENS' earnings may still meet our expectations due to market share gains, we opine that future earnings outperformances may be narrowing as industry gaming revenues are stagnating if not declining.

### ... future +ve earnings surprises may be limited

On VIP volume, GENS believes the trade war between the US and China will dampen the Chinese economy and create less Chinese VIPs. Our research indicates a strong correlation between the Macau and Singapore VIP markets (Fig. 7). Already, the 2Q18 Macau VIP GGR growth of +14% YoY was the narrowest since 1Q17 and consensus expects it to decelerate further. On mass-market GGR, GENS is wary of increasing competition, especially from new Indochinese casinos.

| FYE Dec (SGD m)              | FY16A    | FY17A    | FY18E    | FY19E    | FY20E    |
|------------------------------|----------|----------|----------|----------|----------|
| Revenue                      | 2,228    | 2,393    | 2,457    | 2,560    | 2,667    |
| EBITDA                       | 779      | 1,151    | 1,179    | 1,222    | 1,268    |
| Core net profit              | 281      | 641      | 743      | 787      | 837      |
| Core FDEPS (cts)             | 2.3      | 5.3      | 6.2      | 6.5      | 6.9      |
| Core FDEPS growth(%)         | (2.7)    | 127.9    | 16.0     | 5.9      | 6.3      |
| Net DPS (cts)                | 3.0      | 3.5      | 3.5      | 3.5      | 3.5      |
| Core FD P/E (x)              | 33.7     | 21.2     | 19.9     | 18.8     | 17.7     |
| P/BV (x)                     | 1.3      | 1.8      | 1.9      | 1.8      | 1.7      |
| Net dividend yield (%)       | 3.8      | 3.1      | 2.8      | 2.8      | 2.8      |
| ROAE (%)                     | 3.7      | 8.2      | 9.8      | 9.9      | 10.0     |
| ROAA (%)                     | 2.4      | 6.1      | 7.7      | 8.1      | 8.6      |
| EV/EBITDA (x)                | 8.1      | 11.1     | 9.6      | 8.9      | 8.1      |
| Net gearing (%) (incl perps) | net cash | net cash | net cash | net cash | net cash |
| Consensus net profit         | -        | -        | 786      | 802      | 840      |
| MKE vs. Consensus (%)        | -        | -        | (5.3)    | (1.9)    | (0.3)    |

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# HOLD

[Prior:BUY]

Share Price SGD 1.23  
12m Price Target SGD 1.26 (+3%)  
Previous Price Target SGD 1.46

### Company Description

Owns and operates Resorts World Sentosa, one of two integrated resorts in Singapore.

### Statistics

|                        |           |
|------------------------|-----------|
| 52w high/low (SGD)     | 1.39/1.03 |
| 3m avg turnover (USDm) | 30.7      |
| Free float (%)         | 46.9      |
| Issued shares (m)      | 12,094    |
| Market capitalisation  | SGD14.9B  |
|                        | USD10.9B  |

### Major shareholders:

|                          |       |
|--------------------------|-------|
| Genting Bhd.             | 52.5% |
| The Vanguard Group, Inc. | 1.2%  |
| BlackRock Fund Advisors  | 0.9%  |

### Price Performance



|                       | -1M | -3M | -12M |
|-----------------------|-----|-----|------|
| Absolute (%)          | 2   | 4   | 3    |
| Relative to index (%) | 1   | 14  | 5    |

Source: FactSet

Figure 1: Results summary

| FY Dec (SGD m)                | 2Q18         | 2Q17         | % YoY          | 1Q18         | % QoQ          | 6M18         | 6M17         | % YoY          |
|-------------------------------|--------------|--------------|----------------|--------------|----------------|--------------|--------------|----------------|
| Turnover                      | 560.3        | 596.1        | (6.0)          | 675.1        | (17.0)         | 1,235.4      | 1,182.6      | 4.5            |
| Operating expenses            | (294.4)      | (303.3)      | (2.9)          | (316.2)      | (6.9)          | (610.6)      | (606.7)      | 0.6            |
| <b>EBITDA</b>                 | <b>265.9</b> | <b>292.7</b> | <b>(9.2)</b>   | <b>358.9</b> | <b>(25.9)</b>  | <b>624.8</b> | <b>576.0</b> | <b>8.5</b>     |
| Depreciation & amortisation   | (69.5)       | (69.3)       | 0.3            | (69.7)       | (0.2)          | (139.2)      | (139.6)      | (0.3)          |
| <b>EBIT</b>                   | <b>196.4</b> | <b>223.4</b> | <b>(12.1)</b>  | <b>289.3</b> | <b>(32.1)</b>  | <b>485.7</b> | <b>436.4</b> | <b>11.3</b>    |
| Interest expense              | 8.4          | 9.9          | (14.5)         | 6.7          | 26.2           | 15.1         | 20.1         | (24.8)         |
| Associates                    | 1.0          | 1.1          | (7.7)          | 0.7          | 42.4           | 1.7          | 2.0          | (15.6)         |
| Exceptional items             | 14.8         | (16.5)       | (189.8)        | (23.1)       | (164.0)        | (8.3)        | 12.7         | (165.8)        |
| <b>Pre-tax profit</b>         | <b>220.6</b> | <b>217.9</b> | <b>1.3</b>     | <b>273.5</b> | <b>(19.3)</b>  | <b>494.2</b> | <b>471.2</b> | <b>4.9</b>     |
| Tax                           | (43.0)       | (45.2)       | (4.8)          | (56.3)       | (23.7)         | (99.3)       | (88.3)       | 12.5           |
| Perpetual securities          | -            | (29.4)       | (100.0)        | -            | N/M            | -            | (58.5)       | (100.0)        |
| <b>Net profit</b>             | <b>177.6</b> | <b>143.3</b> | <b>23.9</b>    | <b>217.2</b> | <b>(18.2)</b>  | <b>394.8</b> | <b>324.4</b> | <b>21.7</b>    |
| <b>Net profit Ex EI</b>       | <b>162.8</b> | <b>159.8</b> | <b>1.9</b>     | <b>240.3</b> | <b>(32.3)</b>  | <b>403.1</b> | <b>311.8</b> | <b>29.3</b>    |
|                               | <b>2Q18</b>  | <b>2Q17</b>  | <b>+/- ppt</b> | <b>1Q18</b>  | <b>+/- ppt</b> | <b>6M18</b>  | <b>6M17</b>  | <b>+/- ppt</b> |
| EBITDA margin (%)             | 47.5         | 49.1         | (1.7)          | 53.2         | (5.7)          | 50.6         | 48.7         | 1.9            |
| Tax rate (%)                  | 19.5         | 20.7         | (1.2)          | 20.6         | (1.1)          | 20.1         | 18.7         | 1.4            |
| <b>Segmental results</b>      |              |              |                |              |                |              |              |                |
| FY Dec (SGD m)                | 2Q18         | 2Q17         | % YoY          | 1Q18         | % QoQ          | 6M18         | 6M17         | % YoY          |
| Turnover                      | 560.3        | 596.1        | (6.0)          | 675.1        | (17.0)         | 1,235.4      | 1,182.6      | 4.5            |
| - Singapore IR gaming         | 406.1        | 442.3        | (8.2)          | 507.4        | (20.0)         | 913.6        | 876.6        | 4.2            |
| - Singapore IR non-gaming     | 153.5        | 152.7        | 0.5            | 167.1        | (8.1)          | 320.6        | 304.1        | 5.4            |
| - Others                      | 0.6          | 1.1          | (42.8)         | 0.6          | 9.2            | 1.2          | 1.9          | (36.6)         |
| <b>Adjusted EBITDA</b>        | <b>265.9</b> | <b>292.7</b> | <b>(9.2)</b>   | <b>358.9</b> | <b>(25.9)</b>  | <b>624.8</b> | <b>576.0</b> | <b>8.5</b>     |
| - Singapore IR                | 273.9        | 297.5        | (7.9)          | 366.0        | (25.1)         | 639.9        | 584.0        | 9.6            |
| - Others                      | (8.0)        | (4.8)        | 67.6           | (7.0)        | 14.6           | (15.1)       | (8.1)        | 86.0           |
| <b>Adjusted EBITDA margin</b> | <b>47.5</b>  | <b>49.1</b>  | <b>(1.7)</b>   | <b>53.2</b>  | <b>(5.7)</b>   | <b>50.6</b>  | <b>48.7</b>  | <b>1.9</b>     |
| - Singapore IR                | 48.9         | 50.0         | (1.1)          | 54.3         | (5.3)          | 51.8         | 49.5         | 2.4            |
| - Others                      | N/M          | N/M          | N/M            | N/M          | N/M            | N/M          | N/M          | N/M            |

Source: Company

## Results analysis

2Q18 EBITDA eased 9% YoY due to:-

- 2Q18 VIP win rate of 2.6% which was -40bps lower YoY;
- 2Q18 mass market GGR of -SGD350m which was -5% lower YoY;

But moderated by:-

- 2Q18 VIP volume growth of 27% YoY;
- 2Q18 impairment of trade receivables of only SGD0.5m (2Q17: SGD14.7m)

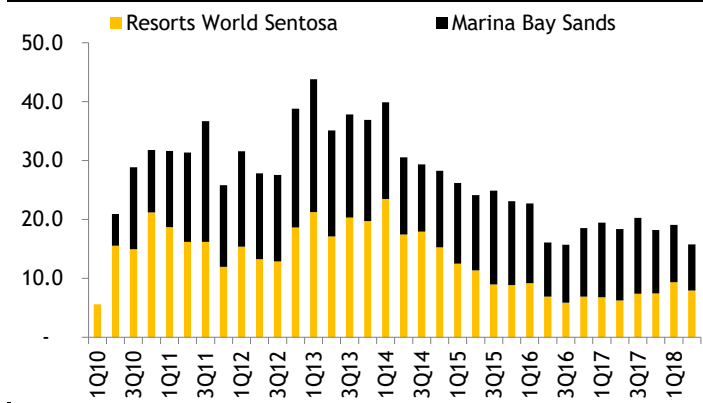
2Q18 EBITDA fell 26% QoQ due to:-

- 2Q18 VIP volume contraction of -15% QoQ
- 2Q18 VIP win rate of 2.6% which was -60bps lower QoQ;
- 2Q18 mass market GGR of -SGD350m which was -15% lower QoQ;

But moderated by:-

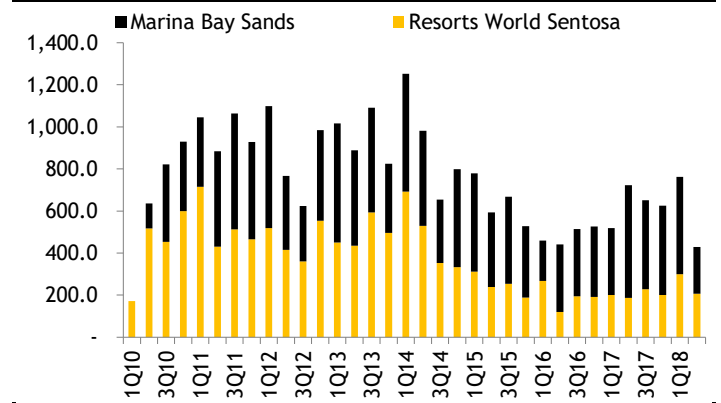
- 2Q18 impairment of trade receivables of only SGD0.5m (1Q18: SGD9.1m)

Figure 2: Estimated Singapore VIP volume (SGDb)



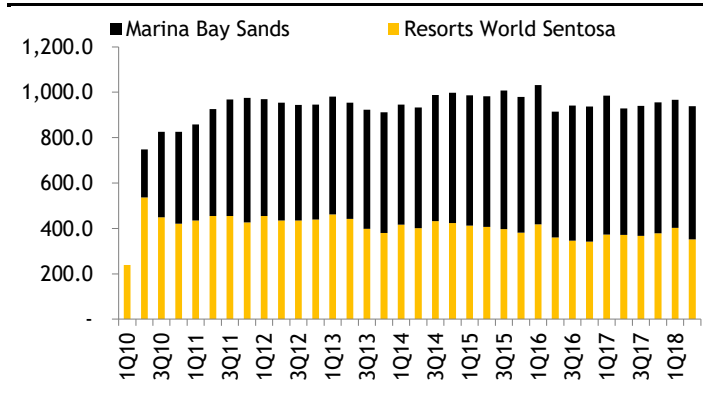
Source: Las Vegas Sands, Company, Maybank Kim Eng

Figure 3: Estimated Singapore VIP GGR (SGDm)



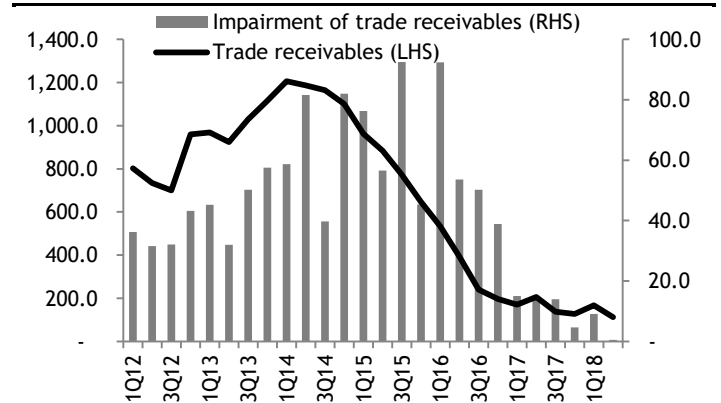
Source: Las Vegas Sands, Company, Maybank Kim Eng

Figure 4: Estimated Singapore mass market GGR (SGDm)



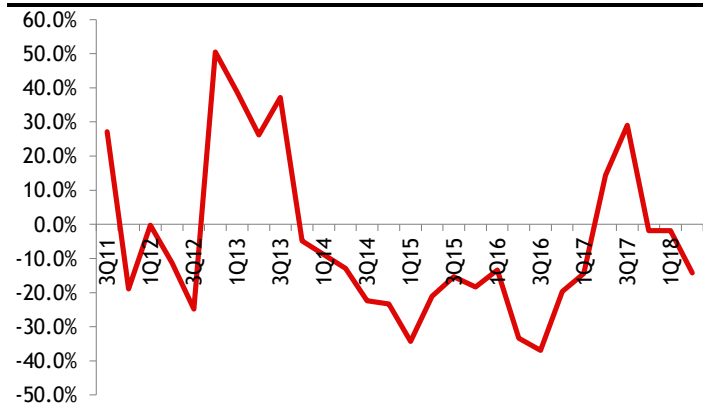
Source: Las Vegas Sands, Company, Maybank Kim Eng

Figure 5: GENS trade receivables vs impairments (SGDm)



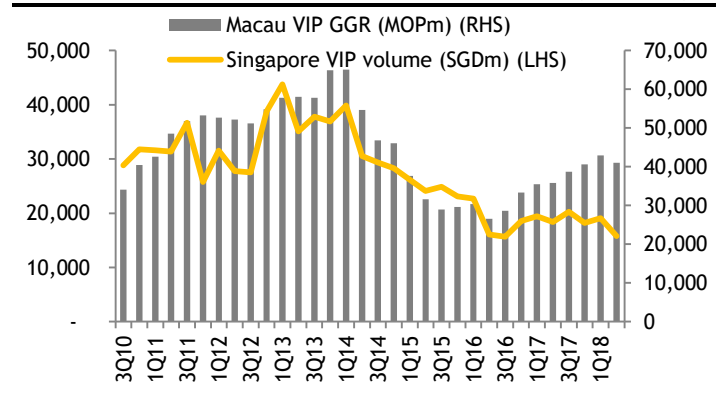
Source: Company

Figure 6: Estimated Singapore VIP volume chg YoY (%)



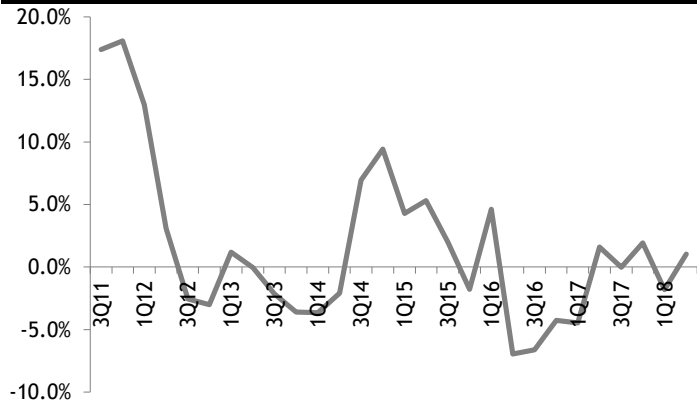
Source: Las Vegas Sands, Company, Maybank Kim Eng

Figure 7: Singapore VIP volume vs Macau VIP GGR (R<sup>2</sup> : 0.79)



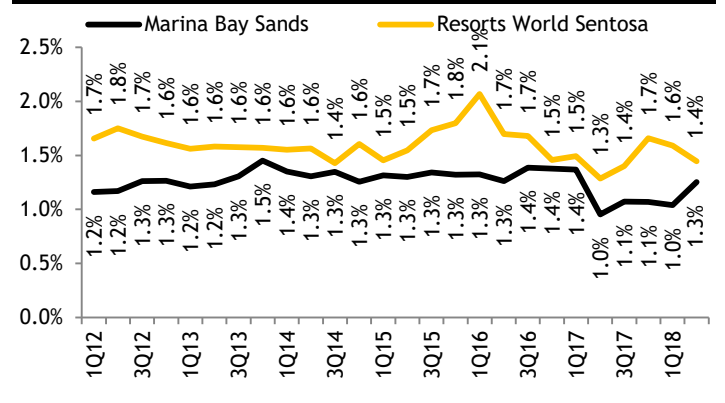
Source: Company, Las Vegas Sands, Gaming Inspection & Coordination Bureau

Figure 8: Estimated Singapore mass market GGR chg YoY (%)



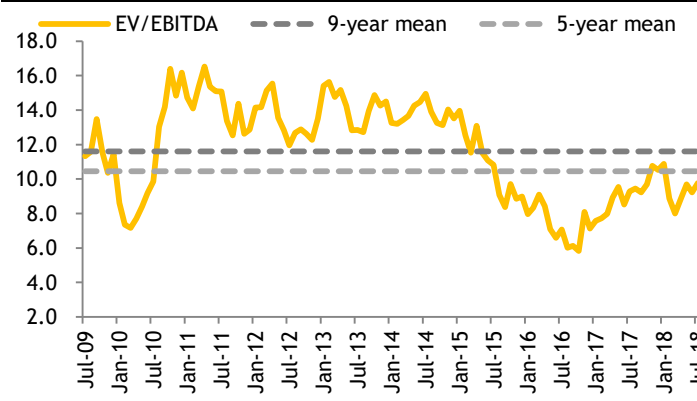
Source: Las Vegas Sands, Company, Maybank Kim Eng

Figure 9: Estimated direct VIP rebate rates as % of VIP volume



Source: Las Vegas Sands, Company, Maybank Kim Eng

Figure 10: Rolling GENS 12M forward EV/EBITDA (x)



Source: Company, Maybank Kim Eng, Bloomberg

We previously utilised a higher 12x FY18 EV/EBITDA multiple, in line with the 9-year 12M forward EV/EBITDA mean. We now utilise a lower 10x, roughly in line with the 5-year 12M forward EV/EBITDA mean. The 9-year 12M forward EV/EBITDA mean of 12x reflected the strong gaming revenues that RWS experienced in the first 2-3 years of operations (Fig 2 to Fig 4). As gaming revenues at RWS have not recovered to those levels and are at risk of contracting again, we gather that it is more appropriate to utilise the 5-year 12M forward EV/EBITDA mean of 10x.

Figure 11: GENS EV/EBITDA valuation

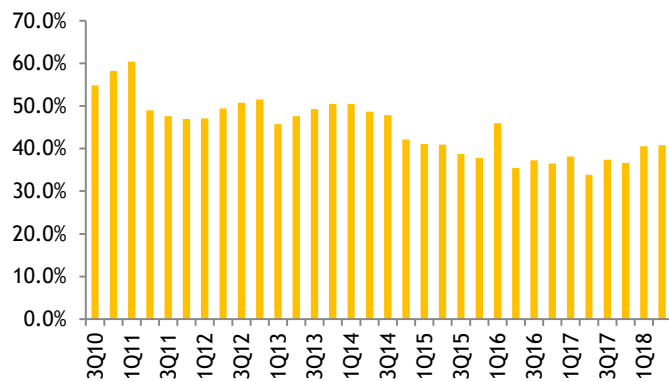
| SGDm                 | EBITDA  | EV/EBITDA | EV       | EV/sh  | Comments  |
|----------------------|---------|-----------|----------|--------|-----------|
| RWS                  | 1,200.1 | 10.0      | 12,001.4 | 1.00   | FY18E     |
| Others               | (20.9)  | 10.0      | (208.9)  | (0.02) | FY18E     |
| Net cash/(debt)      |         |           | 3,211.4  | 0.27   | End-FY18E |
| AFS financial assets |         |           | 217.3    | 0.02   | Cost      |
| SOP                  |         |           | 15,221.2 | 1.26   |           |

Source: Maybank Kim Eng

## Value Proposition

- Owns and operates Resorts World Sentosa (RWS), one of two integrated resorts in Singapore.
- ROE < WACC due to VIP market slowdown driven by Chinese economic slowdown.
- That said, confident of declaring annual DPS of SGD0.035 p.a. going forward.
- Will consider expanding into other markets (e.g. Japan) if projected IRR > 15% and group ROEs return to > 10%.
- Redeemed SGD2.3b perpetual securities in Sep/Oct 2017 but raising JPY bonds to finance a potential Japanese casino license.

### Share of Singapore gross gaming revenue

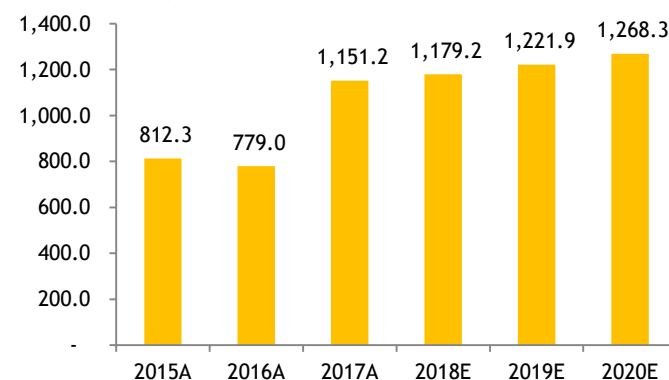


Source: Company, Las Vegas Sands, Maybank Kim Eng

## Financial Metrics

- Key financial metric is EBITDA. Most casino operators are valued on EV/EBITDA basis.
- FY17 EBITDA surged 48% YoY on normalised VIP win rate and fewer bad debts.
- Assuming normalised VIP win rate of 2.85% in the long run, forecast steady state EBITDA of SGD1.2b-SGD1.3b.
- Recurring capex light at SGD120m-SGD135m p.a. or -5% of net revenue.
- Balance sheet in net cash position of SGD2.7b or SGD0.23/share as at end-4Q17.

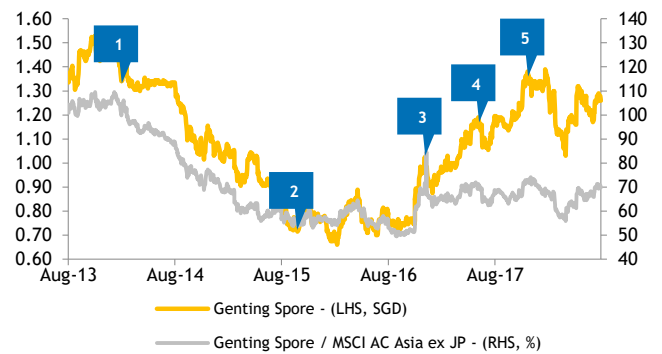
### EBITDA (SGDm)



Source: Company, Maybank Kim Eng

## Price Drivers

### Historical share price trend



Source: Company, FactSet, Maybank Kim Eng

- Singapore VIP market deteriorated due to high previous year base and fewer Chinese VIPs.
- Reported 2Q15 net loss due to derivative and foreign exchange losses.
- Declared maiden interim DPS of 1.5cents/Japanese Diet passed the IR Promotion Bill.
- Reported 1Q17 core net profit of >SGD150m due to lower than expected direct VIP rebate rates.
- Reported 3Q17 core net profit of >SGD175m due to higher than expected VIP volume.

## Swing Factors

### Upside

- VIP win rate - If VIP win rate is above theoretical levels, it can positively influence earnings.
- Local mass market base - Singaporeans account for the majority of mass market gamblers and are more resilient.
- VIP: mass market mix - Tilt towards mass market will expand margins due to less commissions and rebates.

### Downside

- VIP win rate - If VIP win rate is below theoretical levels, it can negatively influence earnings.
- Bad debts - Chinese account for the majority of VIPs but gambling debts are not enforceable in China.
- Regional expansion - new jurisdictions often require high capex commitments without guaranteeing returns.

| FYE 31 Dec             | FY16A | FY17A | FY18E | FY19E | FY20E |
|------------------------|-------|-------|-------|-------|-------|
| <b>Key Metrics</b>     |       |       |       |       |       |
| P/E (reported) (x)     | 35.5  | 22.6  | 19.9  | 18.8  | 17.7  |
| Core P/E (x)           | 33.6  | 21.2  | 19.9  | 18.8  | 17.7  |
| Core FD P/E (x)        | 33.7  | 21.2  | 19.9  | 18.8  | 17.7  |
| P/BV (x)               | 1.3   | 1.8   | 1.9   | 1.8   | 1.7   |
| P/NTA (x)              | 1.3   | 1.9   | 1.9   | 1.8   | 1.8   |
| Net dividend yield (%) | 3.8   | 3.1   | 2.8   | 2.8   | 2.8   |
| FCF yield (%)          | 10.9  | 8.7   | 6.2   | 6.7   | 6.9   |
| EV/EBITDA (x)          | 8.1   | 11.1  | 9.6   | 8.9   | 8.1   |
| EV/EBIT (x)            | 13.0  | 14.7  | 12.7  | 11.5  | 10.4  |

**INCOME STATEMENT (SGD m)**

|                             |         |         |         |         |         |
|-----------------------------|---------|---------|---------|---------|---------|
| Revenue                     | 2,228.1 | 2,392.6 | 2,456.6 | 2,559.6 | 2,667.3 |
| EBITDA                      | 779.0   | 1,151.2 | 1,179.2 | 1,221.9 | 1,268.3 |
| Depreciation                | (296.7) | (282.9) | (282.9) | (282.9) | (282.9) |
| EBIT                        | 482.3   | 868.3   | 896.3   | 939.0   | 985.4   |
| Net interest income / (exp) | 39.3    | 35.4    | 8.5     | 17.4    | 29.1    |
| Associates & JV             | (6.2)   | 3.4     | 0.0     | 0.0     | 0.0     |
| Exceptionals                | (18.8)  | (47.1)  | 0.0     | 0.0     | 0.0     |
| Pretax profit               | 496.6   | 860.0   | 904.9   | 956.4   | 1,014.5 |
| Income tax                  | (112.1) | (174.5) | (161.4) | (169.3) | (177.5) |
| Minorities                  | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| Perpetual securities        | (118.2) | (84.6)  | 0.0     | 0.0     | 0.0     |
| Discontinued operations     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| Reported net profit         | 266.3   | 601.0   | 743.5   | 787.1   | 837.0   |
| Core net profit             | 280.9   | 640.9   | 743.5   | 787.1   | 837.0   |
| Preferred Dividends         | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |

**BALANCE SHEET (SGD m)**

|                                     |                 |                |                |                |                |
|-------------------------------------|-----------------|----------------|----------------|----------------|----------------|
| Cash & Short Term Investments       | 5,066.5         | 3,951.2        | 4,224.3        | 4,378.8        | 4,578.0        |
| Accounts receivable                 | 197.7           | 126.9          | 141.7          | 148.8          | 156.3          |
| Inventory                           | 61.5            | 48.6           | 49.9           | 52.0           | 54.2           |
| Property, Plant & Equip (net)       | 5,241.6         | 5,068.9        | 4,908.8        | 4,753.8        | 4,604.3        |
| Intangible assets                   | 146.3           | 124.8          | 124.8          | 124.8          | 124.8          |
| Investment in Associates & JVs      | 50.9            | 54.3           | 54.3           | 54.3           | 54.3           |
| Other assets                        | 681.7           | 232.2          | 220.4          | 220.4          | 220.4          |
| <b>Total assets</b>                 | <b>11,446.3</b> | <b>9,606.8</b> | <b>9,724.2</b> | <b>9,732.9</b> | <b>9,792.2</b> |
| ST interest bearing debt            | 185.6           | 203.1          | 388.6          | 388.6          | 0.2            |
| Accounts payable                    | 349.7           | 462.7          | 476.1          | 498.6          | 521.5          |
| LT interest bearing debt            | 978.4           | 1,012.9        | 624.3          | 235.8          | 235.5          |
| Other liabilities                   | 402.0           | 487.0          | 472.0          | 481.0          | 490.0          |
| <b>Total Liabilities</b>            | <b>1,916.0</b>  | <b>2,165.3</b> | <b>1,960.5</b> | <b>1,603.5</b> | <b>1,247.2</b> |
| Shareholders Equity                 | 7,221.9         | 7,441.6        | 7,763.7        | 8,129.4        | 8,545.1        |
| Minority Interest                   | 0.0             | 0.0            | 0.0            | 0.0            | 0.0            |
| <b>Total shareholder equity</b>     | <b>7,221.9</b>  | <b>7,441.6</b> | <b>7,763.7</b> | <b>8,129.4</b> | <b>8,545.1</b> |
| Perpetual securities                | 2,308.3         | 0.0            | 0.0            | 0.0            | 0.0            |
| <b>Total liabilities and equity</b> | <b>11,446.3</b> | <b>9,606.8</b> | <b>9,724.2</b> | <b>9,732.9</b> | <b>9,792.2</b> |

**CASH FLOW (SGD m)**

|                                   |         |           |         |         |         |
|-----------------------------------|---------|-----------|---------|---------|---------|
| Pretax profit                     | 496.6   | 860.0     | 904.9   | 956.4   | 1,014.5 |
| Depreciation & amortisation       | 296.7   | 282.9     | 282.9   | 282.9   | 282.9   |
| Adj net interest (income)/exp     | (39.3)  | (35.4)    | (8.5)   | (17.4)  | (29.1)  |
| Change in working capital         | 168.2   | 97.7      | (2.7)   | 13.3    | 13.2    |
| Cash taxes paid                   | (64.4)  | (78.2)    | (176.4) | (160.2) | (168.0) |
| Other operating cash flow         | 307.0   | 128.9     | 41.9    | 41.9    | 41.9    |
| Cash flow from operations         | 1,164.8 | 1,255.9   | 1,042.0 | 1,116.9 | 1,155.4 |
| Capex                             | (138.1) | (78.3)    | (122.8) | (128.0) | (133.4) |
| Free cash flow                    | 1,026.7 | 1,177.6   | 919.2   | 988.9   | 1,022.1 |
| Dividends paid                    | (360.4) | (360.8)   | (421.4) | (421.4) | (421.4) |
| Equity raised / (purchased)       | 0.0     | 0.0       | 0.0     | 0.0     | 0.0     |
| Perpetual securities              | 0.0     | (2,300.0) | 0.0     | 0.0     | 0.0     |
| Change in Debt                    | (467.3) | 28.9      | (203.1) | (388.6) | (388.6) |
| Perpetual securities distribution | (118.2) | (117.9)   | 0.0     | 0.0     | 0.0     |
| Other invest/financing cash flow  | (166.2) | 510.2     | (21.6)  | (24.5)  | (12.9)  |
| Effect of exch rate changes       | 46.8    | (67.5)    | 0.0     | 0.0     | 0.0     |
| Net cash flow                     | (38.6)  | (1,129.5) | 273.1   | 154.5   | 199.3   |

| FYE 31 Dec                             | FY16A     | FY17A     | FY18E     | FY19E     | FY20E     |
|--|-----------|-----------|-----------|-----------|-----------|
| <b>Key Ratios</b>                      |           |           |           |           |           |
| <b>Growth ratios (%)</b>               |           |           |           |           |           |
| Revenue growth                         | (7.2)     | 7.4       | 2.7       | 4.2       | 4.2       |
| EBITDA growth                          | (4.1)     | 47.8      | 2.4       | 3.6       | 3.8       |
| EBIT growth                            | 3.0       | 80.0      | 3.2       | 4.8       | 4.9       |
| Pretax growth                          | 77.8      | 73.2      | 5.2       | 5.7       | 6.1       |
| Reported net profit growth             | 254.3     | 125.6     | 23.7      | 5.9       | 6.3       |
| Core net profit growth                 | (3.1)     | 128.1     | 16.0      | 5.9       | 6.3       |
| <b>Profitability ratios (%)</b>        |           |           |           |           |           |
| EBITDA margin                          | 35.0      | 48.1      | 48.0      | 47.7      | 47.6      |
| EBIT margin                            | 21.6      | 36.3      | 36.5      | 36.7      | 36.9      |
| Pretax profit margin                   | 22.3      | 35.9      | 36.8      | 37.4      | 38.0      |
| Payout ratio                           | 135.3     | 70.0      | 56.7      | 53.5      | 50.3      |
| <b>DuPont analysis</b>                 |           |           |           |           |           |
| Net profit margin (%)                  | 12.0      | 25.1      | 30.3      | 30.8      | 31.4      |
| Revenue/Assets (x)                     | 0.2       | 0.2       | 0.3       | 0.3       | 0.3       |
| Assets/Equity (x)                      | 1.6       | 1.3       | 1.3       | 1.2       | 1.1       |
| ROAE (%)                               | 3.7       | 8.2       | 9.8       | 9.9       | 10.0      |
| ROAA (%)                               | 2.4       | 6.1       | 7.7       | 8.1       | 8.6       |
| <b>Liquidity &amp; Efficiency</b>      |           |           |           |           |           |
| Cash conversion cycle                  | (11.7)    | (77.4)    | (98.7)    | (97.0)    | (97.0)    |
| Days receivable outstanding            | 68.2      | 24.4      | 19.7      | 20.4      | 20.6      |
| Days inventory outstanding             | 14.7      | 16.0      | 13.9      | 13.7      | 13.7      |
| Days payables outstanding              | 94.7      | 117.8     | 132.3     | 131.2     | 131.3     |
| Dividend cover (x)                     | 0.7       | 1.4       | 1.8       | 1.9       | 2.0       |
| Current ratio (x)                      | 9.2       | 4.8       | 4.2       | 4.2       | 6.6       |
| <b>Leverage &amp; Expense Analysis</b> |           |           |           |           |           |
| Asset/Liability (x)                    | 6.0       | 4.4       | 5.0       | 6.1       | 7.9       |
| Net gearing (%) (incl perps)           | net cash  | net cash  | net cash  | net cash  | net cash  |
| Net gearing (%) (excl. perps)          | net cash  | net cash  | net cash  | net cash  | net cash  |
| Net interest cover (x)                 | na        | na        | na        | na        | na        |
| Debt/EBITDA (x)                        | 1.5       | 1.1       | 0.9       | 0.5       | 0.2       |
| Capex/revenue (%)                      | 6.2       | 3.3       | 5.0       | 5.0       | 5.0       |
| Net debt/ (net cash)                   | (3,902.5) | (2,735.2) | (3,211.4) | (3,754.4) | (4,342.3) |

Source: Company; Maybank



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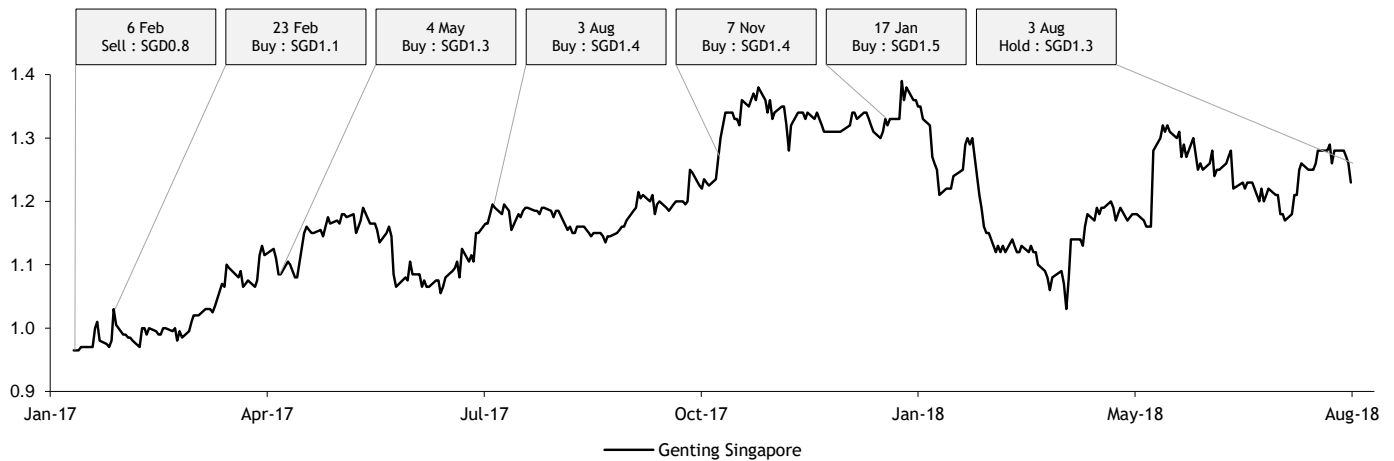
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## Historical recommendations and target price: Genting Singapore (GENS SP)



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