

Genting Singapore (GENS SP)

Stay in the game

Reiterate BUY and SGD1.46 TP

Since GENS reported 4Q17 EBITDA fell 20% QoQ, its share price has tumbled 14%. Adjusting for normal VIP win rate and non-recurring items, 4Q17 EBITDA would have been 11% higher and a comfortable 24% of our FY18 forecast. In our view, all signals point to the VIP and mass markets improving going forward and GENS' current share price is unjustified as it implies 'crisis' valuations. Our unchanged SGD1.46 TP is based on 12x FY18 EV/EBITDA, in-line with the 9-year 12M forward EV/EBITDA mean.

4Q17 fundamentals were actually not bad

4Q17 EBITDA of SGD255.1m was negatively impacted by a lower than average VIP win rate of 2.7% coupled with provisions for staff bonuses, more events and inventory write-offs of -SGD20m. Adjusting for normal VIP win rate and the aforementioned items, we estimate 4Q17 EBITDA would have been 11% higher at SGD285m (-7% QoQ) or a comfortable 24% of our FY18 forecast. VIPs are also repaying their debts quicker with 4Q17 VIP volume velocity at a record high.

VIP and mass markets improving, in our view

Our conversations with industry participants reveal that the Macau VIP market recovery (2M18 Macau VIP GGR: +21% YoY) has and will spill over to the Singaporean one, Resorts World Sentosa (RWS) included. Regarding the higher margin mass market, we expect it to continue recovering in tandem with consumer sentiment in Singapore. Also, we do not discount the possibility that RWS may regain more mass market GGR share than expected thanks to the recovering MYR and new premium mass offerings.

Share price unjustifiably implies 'crisis' valuations

Our earnings estimates are little changed (FY18: -0%, FY19: -0%, FY20: +0%) as our major assumptions are unchanged. Currently, GENS is trading at only 9x FY18 EV/EBITDA or -1 SD to the 12M forward EV/EBITDA mean. The last time GENS traded at these valuations was when it suffered large derivative losses, foreign-exchange losses and impairments of trade receivables. As its earnings quality is a lot better today, we opine that GENS should trade at at least mean valuations (9-year 12M forward EV/EBITDA mean: 12x).

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	285	648	743	787	837
Core FDEPS (cts)	2.4	5.4	6.2	6.5	6.9
Core FDEPS growth(%)	7.1	127.1	14.7	5.9	6.3
Net DPS (cts)	3.0	3.5	3.5	3.5	3.5
Core FD P/E (x)	48.1	21.2	18.5	17.5	16.4
P/BV (x)	1.9	1.8	1.8	1.7	1.6
Net dividend yield (%)	2.6	3.1	3.1	3.1	3.1
ROAE (%)	7.3	8.2	9.8	9.9	10.0
ROAA (%)	2.4	6.2	7.7	8.1	8.6
EV/EBITDA (x)	8.9	11.3	8.9	8.2	7.4
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Consensus net profit	-	-	753	788	818
MKE vs. Consensus (%)	-	-	(1.2)	(0.0)	2.4

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BUY

Share Price	SGD 1.14
12m Price Target	SGD 1.46 (+28%)
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)	34.7
Free float (%)	46.8
Issued shares (m)	12,094
Market capitalisation	SGD13.8B
	USD10.5B

Major shareholders:

Genting Bhd.	52.5%
The Vanguard Group, Inc.	1.2%
BlackRock Fund Advisors	0.8%

Price Performance



	-1M	-3M	-12M
Absolute (%)	2	(15)	10
Relative to index (%)	3	(13)	2

Source: FactSet

4Q17 fundamentals were actually not bad

1Q17-3Q17 EBITDA were +vely impacted by ‘good luck’

Since GENS reported 4Q17 EBITDA of SGD255.1m, down 20% QoQ, its share price has tumbled 14%. In this segment, we normalise its VIP win rates for the theoretical average of 2.85% and adjust for any non-recurring items to arrive at VIP win rate normalised EBITDAs to more accurately gauge GENS' earnings quality. Note that 1Q17-3Q17 EBITDA (item B in Fig 1) were positively impacted by higher-than-average VIP win rates of 3.0%-3.1% (item C in Fig 1). Adjusting for normal VIP win rates, we estimate 1Q17-3Q17 EBITDA would have been lower (item K in Fig 1).

Fig 1: GENS VIP win rate normalised EBITDA (SGDm)

	Legend	1Q17	2Q17	3Q17	4Q17
GENS total revenue		586.6	596.1	629.9	580.1
- RWS VIP GGR *	A	200.7	187.4	227.7	201.4
- RWS MM GGR *		372.7	371.7	366.8	377.8
- RWS direct VIP rebates *		(139.0)	(116.8)	(142.5)	(161.6)
- RWS non-gaming		151.4	152.7	177.1	162.1
- Others		0.8	1.1	0.7	0.4
GENS EBITDA	B	283.2	292.7	320.1	255.1
- RWS EBITDA		286.5	297.5	325.5	262.5
- Other EBITDA		(3.3)	(4.8)	(5.4)	(7.4)
Estimated RWS VIP win rate	C	3.0%	3.0%	3.1%	2.7%
Estimated RWS VIP volume	D=A/C	6,802.9	6,246.0	7,389.0	7,458.8
Normalised RWS VIP GGR	E=DX2.85%	193.9	178.0	210.6	212.6
Variance between normalised and actual RWS VIP GGR	F=E-D	(6.8)	(9.4)	(17.1)	11.2
Gaming tax impact on variance between normalised and actual RWS VIP GGR	G=-12%XF	0.8	1.1	2.1	(1.3)
Net impact of normalisation of RWS VIP win rate on RWS EBITDA	H=F+G	(6.0)	(8.2)	(15.1)	9.8
Normalised GENS EBITDA I	I=B+H	277.2	284.5	305.0	265.0
Bonus, events, inventory write-off	J	-	-	-	20.0
Normalised GENS EBITDA II	K=I+J	277.2	284.5	305.0	285.0

* Estimates based on data points provided by GENS

Source: Company, Maybank Kim Eng

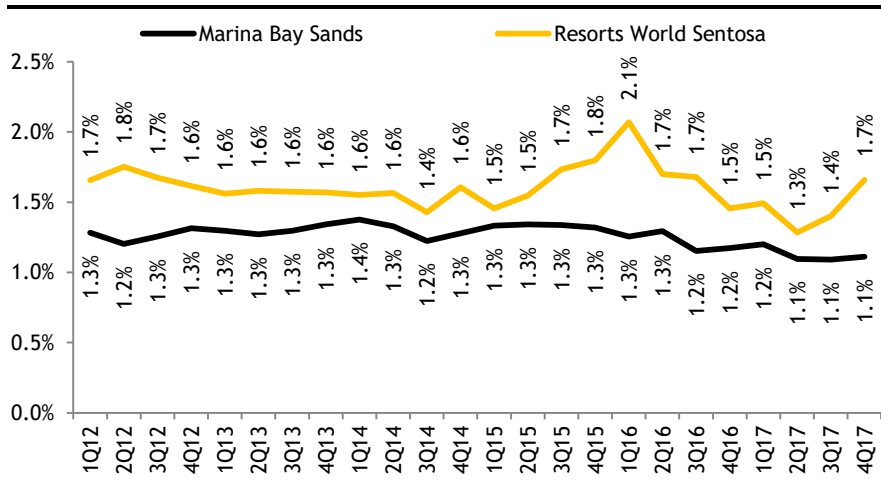
4Q17 normalised EBITDA would have been 11% higher

Conversely, 4Q17 EBITDA was negatively impacted by a lower-than-average VIP win rate of 2.7% coupled with provisions for staff bonuses, more events (Halloween Horror Nights, Flying Through Time, Christmas parties) and inventory write-offs of ~SGD20m (incurred when renovating gaming areas into Melati Club, Maxims Premium Slots and other premium mass gaming areas). Adjusting for normal VIP win rate and the aforementioned non-recurring items, we estimate 4Q17 EBITDA would have been 11% higher at SGD285m or a comfortable 24% of our FY18 forecast. 4Q17 normalised EBITDA would be -7% QoQ, lower than the headline -20% QoQ.

Higher direct VIP rebate rates QoQ not structural

The one negative observation we can make is 4Q17 direct VIP rebate rate as a percentage of VIP volume inched up ~25bps to 1.7%. That said, GENS stated it did not actually raise its direct VIP rebate rates per se, which has been unchanged since May 2017. It welcomed more high-end VIPs whose direct VIP rebate rates commence at higher levels as compared to low to mid-end VIPs. As GENS seeks to widen its VIP base to include more low to mid-end VIPs, it does not expect a structural increase in its direct VIP rebate rates.

Fig 2: Estimated direct VIP rebate rates as % of VIP volume

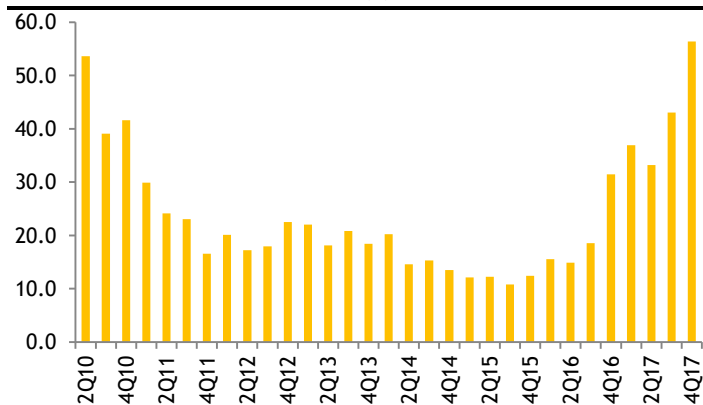


Source: Company, Las Vegas Sands, Maybank Kim Eng

VIPs are repaying their debts quicker as well

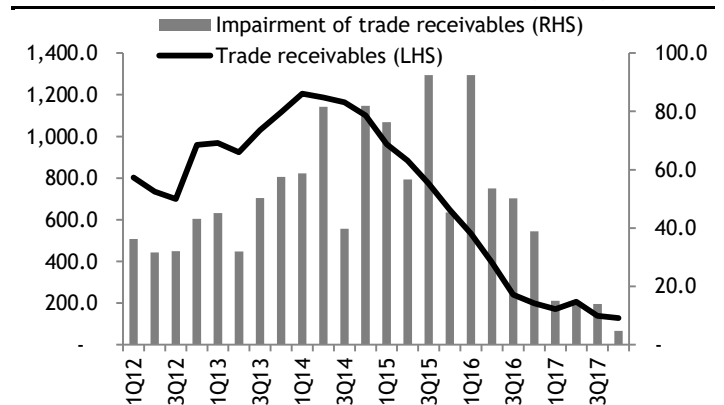
At first glance, GENS’ record low trade receivables balance of SGD126.9m as at end-4Q17 indicates GENS has tightened its credit extension policy. But we understand this is not the case. Rather, its VIPs are repaying their debts quicker, which results in a low trade receivable balance. Measuring RWS VIP volume velocity (RWS VIP volume/average RWS trade receivables balance), which measures how much VIP volume is generated from every SGD of credit extended, we note it has hit a record high of 56x. It then follows RWS can generate more VIP volume by loosening its credit-extension policy further.

Fig 3: RWS VIP volume velocity (x)



Source: Company

Fig 4: GENS trade receivables vs impairments (SGDm)



Source: Company

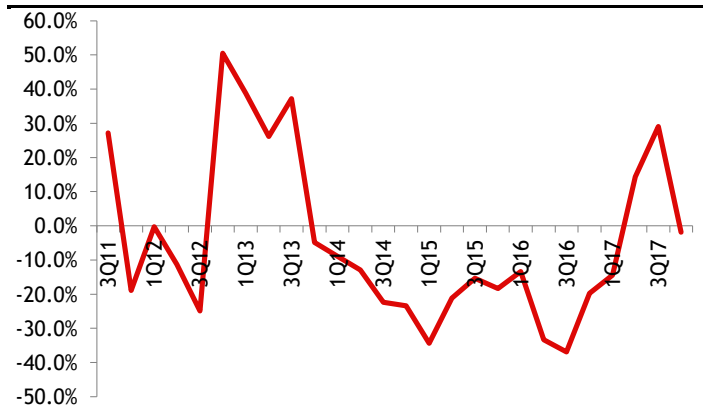
VIP and mass markets improving, in our view

YoY easing in 4Q17 industry VIP volume easily explainable

Detractors point out that industry VIP volume (Marina Bay Sands and Resorts World Sentosa) eased 2% YoY in 4Q17 after growing 14% YoY in 2Q17 and 29% YoY in 3Q17 (Fig 5). By extension, they conclude that the scope for potential earnings upgrades for GENS may be narrowing. That said, note that 4Q17 RWS VIP volume grew -10% YoY to SGD7.5b. Instead, the decline in 4Q17 industry VIP volume was due to Marina Bay Sands (-8% YoY). Therefore, we are not overly concerned and posit two possible reasons for 4Q17 industry VIP volume easing 2% YoY.

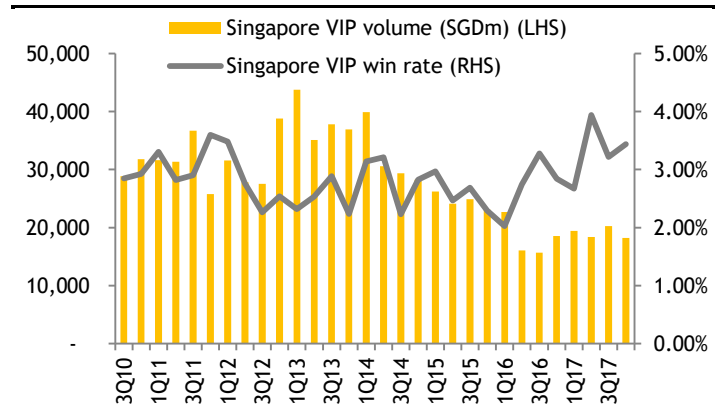
- High Marina Bay Sands (MBS) VIP win rate** - VIP volume and win rate are inversely correlated (Fig 6). VIP volume is the product of buy-in and number of times the buy-in is rolled. If VIP win rate is high (casino wins more and VIPs lose more), the number of times VIPs roll their buy-ins will fall resulting in lower VIP volume. This is what we gather happened to MBS in 4Q17 as its VIP win rate then of 3.95% was the second highest in its history (Fig 7). As MBS VIP win rate normalises to lower levels, we expect MBS and industry VIP volume growth to revert to higher levels going forward.
- Naga 2 opening** - Our conversations with NagaCorp (3918 HK, Not Rated) and junkets reveal that the opening of Naga 2 in Phnom Penh, Cambodia in Nov 2017 temporarily diverted a lot of South East Asian VIPs to there, especially those from Malaysia and Singapore. That said, we understand that the initial ‘euphoria’ subsided in 1Q18 and the aforementioned South East Asian VIPs have returned to gambling in Malaysia and Singapore (Fig 8). Again, we expect industry VIP volume growth to revert to higher levels going forward.

Fig 5: Estimated Singapore VIP volume chg YoY (%)



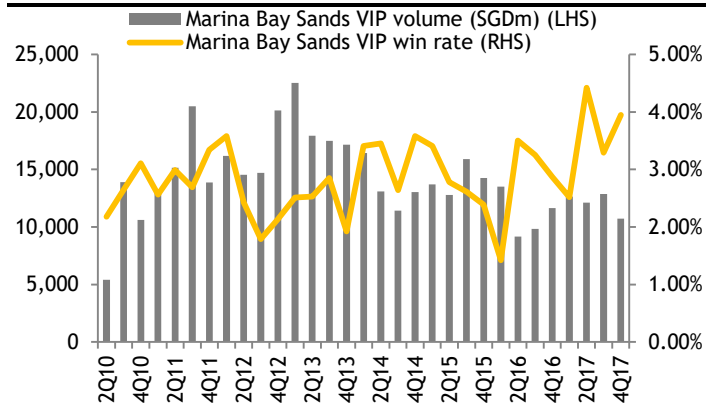
Source: Company, Las Vegas Sands, Maybank Kim Eng

Fig 6: Singapore VIP volume vs win rate (R²: -0.25)



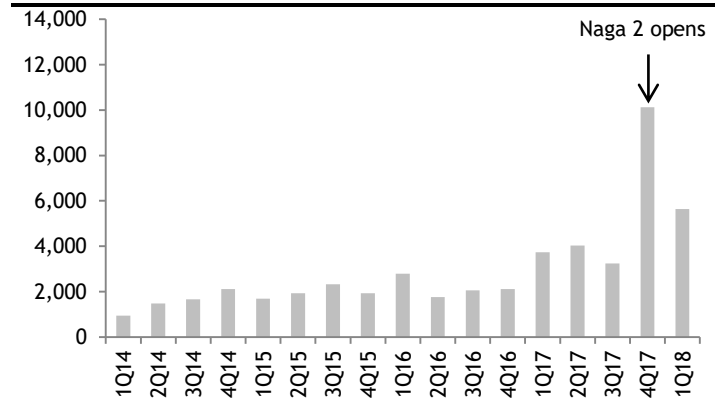
Source: Company, Las Vegas Sands, Maybank Kim Eng

Fig 7: Marina Bay Sands VIP volume vs win rate (R²: -0.25)



Source: Las Vegas Sands

Fig 8: NagaCorp VIP volume (USDm)

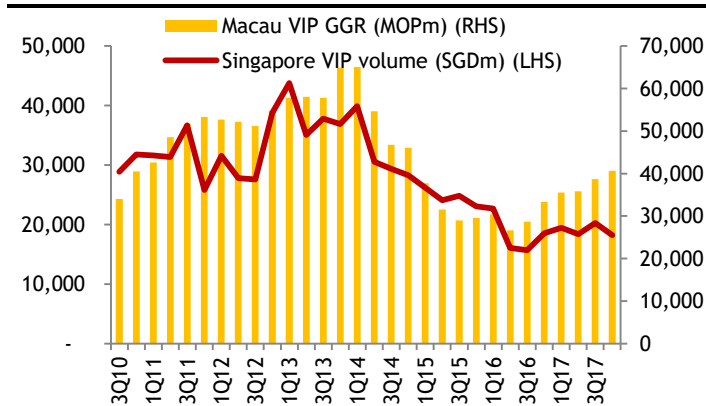


Source: NagaCorp

VIP outlook still +ve judging from Macau

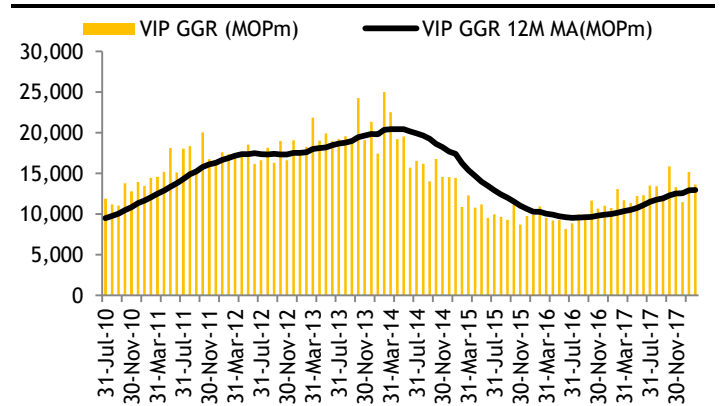
We believe the Macau VIP market recovery will continue to spill over to the Singaporean one. Our conversations with industry participants reveal that the return of Chinese VIPs to Macau (2M18 Macau VIP GGR: +21% YoY), thanks to improving macro-economic fundamentals in China, has and will spill over to other Asian casinos (Singaporean ones included). In the words of an industry participant that we spoke to, “Macau is the source market of Chinese VIPs. All Chinese VIPs that gamble in Australia, Singapore and the Philippines today all started out in Macau. When the Macau VIP market recovers, we benefit as well”.

Fig 9: Singapore VIP volume vs Macau VIP GGR (R²: 0.82)



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

Fig 10: Macau VIP GGR (MOPm)



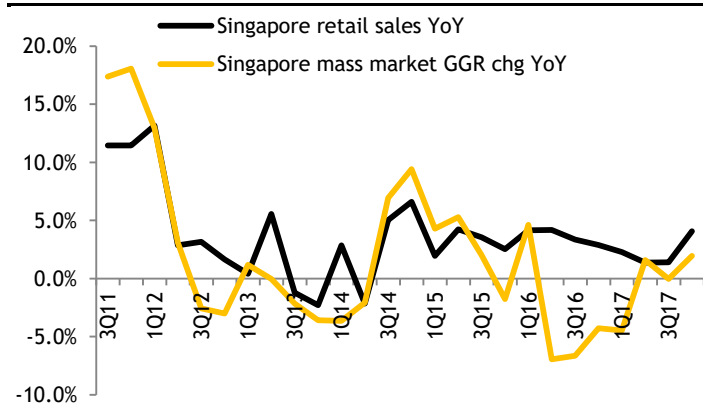
Source: Gaming Inspection & Coordination Bureau, Maybank Kim Eng

Returning to Fig 3 and 4, we reiterate our view that RWS can generate a lot more VIP volume by loosening its credit extension policy further. GENS aims to grow RWS VIP volume per day from -SGD80m currently to -SGD100m over the next 2-3 years. We forecast FY18 RWS VIP volume to grow 15% YoY to SGD32b premised on: (i) FY18 industry VIP volume growth of 5% YoY; and (ii) FY18 VIP volume share of 40% or up 3ppts YoY (4Q17: 41%). To be fair, we forecast FY18 VIP GGR to grow by a slightly narrower 12% YoY as we assume FY18 VIP win rate of 2.85% or 8bps lower YoY.

Recovering MYR and new offerings to boost mass market

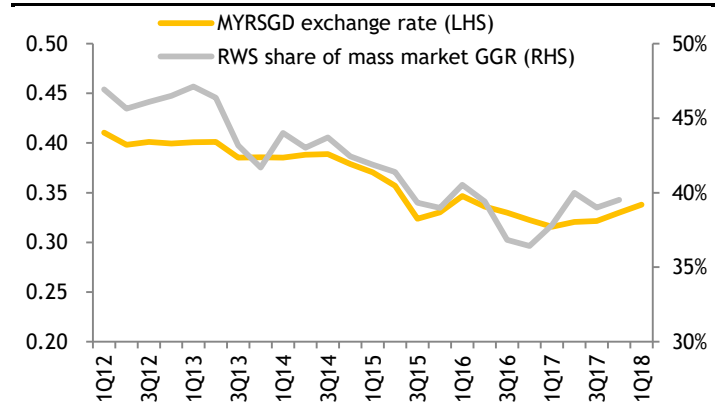
On the higher margin mass market (MM), we expect it to continue to stabilise. Consumer sentiment in Singapore, as exhibited by retail sales, has been recovering and this has translated into industry MM GGR ceasing to contract YoY since 2Q17. As Singapore’s GDP (FY18E: +3.1%, FY17: +3.6%) continues to grow, we expect industry MM GGR to continue to stabilise. We forecast FY18 RWS MM GGR to grow 2% YoY to SGD1.5b premised on: (i) flattish FY18 industry MM growth; and (ii) FY18 mass market GGR share of 40% or up 1ppt YoY (4Q17: 40%) before growing 5ppts p.a. in FY19 and FY20.

Fig 11: Singapore MM GGR vs retail sales chg YoY (R²: 0.78)



Source: Company, Las Vegas Sands, Maybank Kim Eng, Department Of Statistics

Fig 12: RWS MM GGR share vs MYR/SGD (R²: 0.94)



Source: Company, Las Vegas Sands, Maybank Kim Eng

We do not discount the possibility that RWS may regain more MM GGR share than expected. Our research indicates a strong correlation between RWS MM GGR share and the MYR/SGD exchange rate (Fig 12). We understand that this is because RWS has more Malaysian gamblers than MBS due to its Genting heritage. As the MYR/SGD exchange rate has been recovering (MYR0.34/SGD1.00 currently), RWS may continue to regain MM GGR share in the near future. Our sensitivity analysis indicates that every 1ppt gain in RWS MM GGR share will accrete 4% to our EPS estimates.

Towards the goal of regaining MM GGR share, RWS: (i) introduced Melati Club in 4Q17 - a premium mass gaming area named after one of the national flowers of Indonesia. Despite its name, we understand that its design and layout is similar to Galaxy Macau with high ceilings and gold gildings and is also increasingly popular with Chinese premium mass gamblers; (ii) introduced Maxims Premium Slots Club in 1Q18; and (iii) upgraded and renovated its other premium mass gaming areas in 4Q17.

Maintain BUY and SGD1.46 TP

Share price unjustifiably implies 'crisis' valuations

Our earnings estimates are little changed (FY18: -0%, FY19: -0%, FY20: +0%) as we have maintained our major assumptions, as detailed below in Fig 13. Similarly, our EV/EBITDA-based TP of SGD1.46 premised on an unchanged 12x FY18 EV/EBITDA (9-year 12M forward EV/EBITDA mean: 12x) is also virtually unchanged (Fig 14). With a whopping 28% upside potential, maintain BUY on GENS. We continue to like GENS for its earnings quality, deep value and potential to secure a Japanese casino licence in FY19. GENS is trading at 9x FY18 EV/EBITDA or -1 SD to the 12M forward EV/EBITDA mean, which we opine is unjustified.

Fig 13: Major assumptions

SGDm	FY15A*	FY16A*	FY17A*	FY18E	FY19E	FY20E
Industry VIP volume (A)	98,229.1	72,979.4	76,243.5	80,055.7	84,058.4	88,261.4
RWS share of VIP volume (B)	42.4%	39.5%	36.6%	40.0%	40.0%	40.0%
RWS VIP volume (C=AXB)	41,614.8	28,851.4	27,896.7	32,022.3	33,623.4	35,304.5
RWS VIP win rate (D)	2.38%	2.68%	2.93%	2.85%	2.85%	2.85%
RWS VIP GGR (E=CXD)	991.8	774.6	817.2	912.6	958.3	1,006.2
Direct VIP rebate rate as % of VIP volume	1.6%	1.8%	1.5%	1.5%	1.5%	1.5%
Industry mass market GGR (F)	3,956.0	3,824.7	3,811.2	3,811.2	4,001.7	4,201.8
RWS share of mass market GGR (G)	40.4%	38.4%	39.1%	40.0%	40.0%	40.0%
RWS mass market GGR (H=FXG)	1,597.8	1,466.8	1,489.0	1,524.5	1,600.7	1,680.7
Impairment loss on trade receivables	270.7	235.1	48.3	31.0	34.6	36.4
As % of VIP GGR	27.3%	30.4%	5.9%	3.4%	3.6%	3.6%

* Estimates based on data points provided by GENS

Source: Company, Maybank Kim Eng

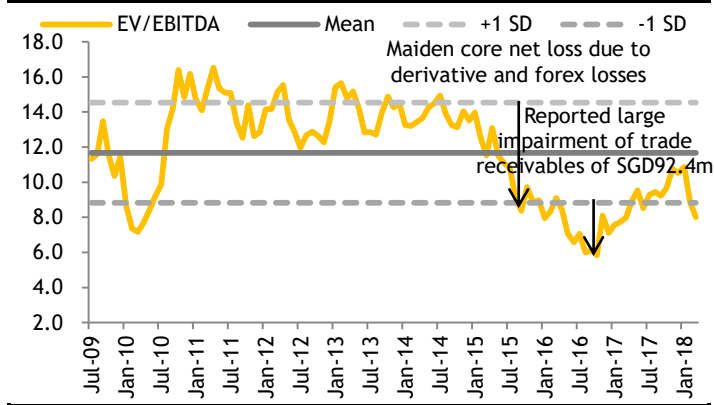
Fig 14: GENS EV/EBITDA valuation

SGDm	EBITDA	EV/EBITDA	EV	EV/sh Comments
RWS	1,200.1	12.0	14,401.7	1.20 FY18E
Others	(20.9)	12.0	(250.7)	(0.02) FY18E
Net cash/(debt)			3,211.4	0.27 End-FY18E
AFS financial assets			217.3	0.02 Cost
Equity value			17,579.7	1.46

Source: Maybank Kim Eng

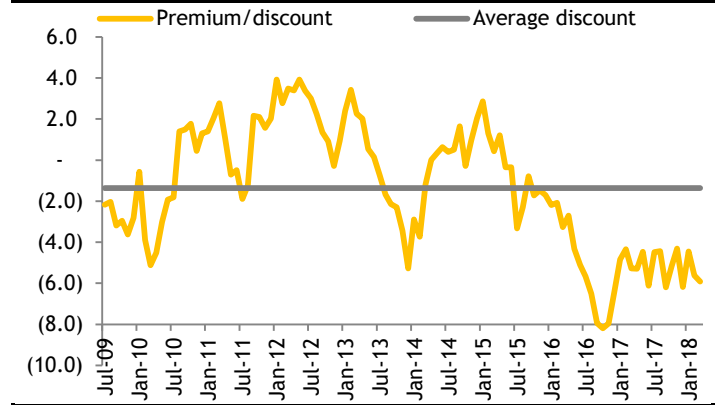
The last time GENS traded at such cheap valuations was from mid-FY15 to mid-FY17 (Fig 15) when GENS reported net losses due to derivative losses coupled with large foreign exchange losses and impairments of trade receivables (Fig 4). As GENS no longer suffers derivative losses and its foreign exchange losses and impairments of trade receivables of late have been negligible (4Q17 impairment of trade receivables of SGD4.7m was a record low), we opine that GENS should trade at least in line with its mean valuations. GENS is trading at 12M forward EV/EBITDA of 9x, which is well below 15x for the Macau casino operators average. This discount is 6x EV/EBITDA multiples (40%), which is close to the all-time widest discount of 8x.

Figure 15: GENS 12M forward EV/EBITDA (x)



Source: Company, Maybank Kim Eng, Bloomberg

Figure 16: GENS vs Macau average 12M forward EV/EBITDA (x)

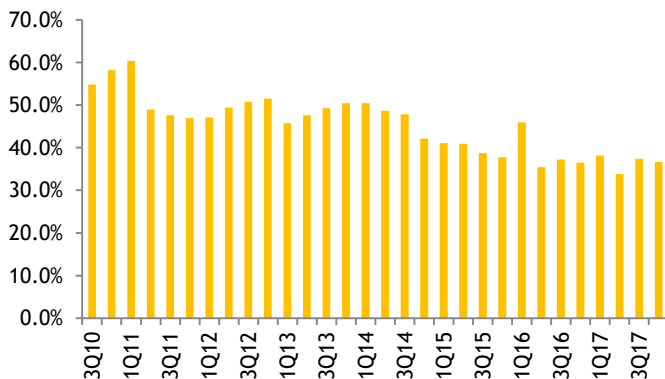


Source: Company, Maybank Kim Eng, Bloomberg

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.

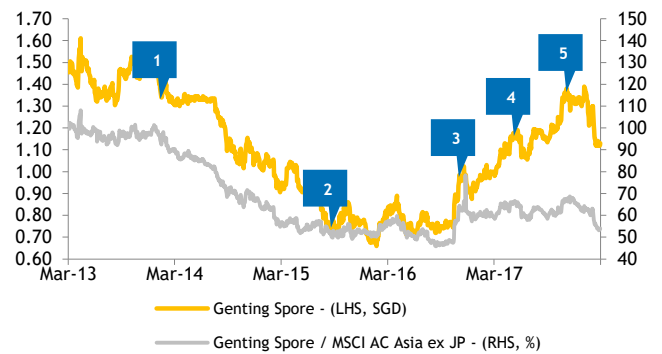
Share of Singapore gross gaming revenue



Source: Company

Price Drivers

Historical share price trend



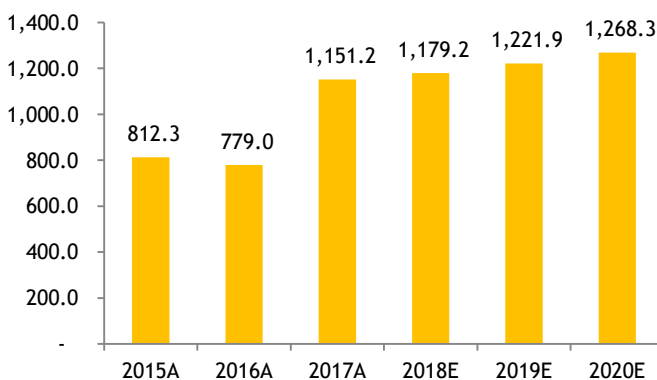
Source: Company, FactSet, Maybank Kim Eng

- 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.

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

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
Key Metrics					
P/E (reported) (x)	17.7	22.6	18.5	17.4	16.4
Core P/E (x)	48.0	21.2	18.5	17.4	16.4
Core FD P/E (x)	48.1	21.2	18.5	17.5	16.4
P/BV (x)	1.9	1.8	1.8	1.7	1.6
P/NTA (x)	1.9	1.9	1.8	1.7	1.6
Net dividend yield (%)	2.6	3.1	3.1	3.1	3.1
FCF yield (%)	7.5	8.6	6.7	7.2	7.4
EV/EBITDA (x)	8.9	11.3	8.9	8.2	7.4
EV/EBIT (x)	14.4	15.0	11.7	10.6	9.5

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	266.3	0.0	0.0	0.0	0.0
Reported net profit	532.7	601.0	743.5	787.1	837.0
Core net profit	285.1	648.1	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
Total assets	11,446.3	9,606.8	9,724.2	9,732.9	9,792.2
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
Total Liabilities	1,916.0	2,165.3	1,960.5	1,603.5	1,247.2
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
Total shareholder equity	7,221.9	7,441.6	7,763.7	8,129.4	8,545.1
Perpetual securities	2,308.3	0.0	0.0	0.0	0.0
Total liabilities and equity	11,446.3	9,606.8	9,724.2	9,732.9	9,792.2

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
Key Ratios					
Growth ratios (%)					
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	608.5	12.8	23.7	5.9	6.3
Core net profit growth	6.6	127.3	14.7	5.9	6.3
Profitability ratios (%)					
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	67.6	70.0	56.7	53.5	50.3
DuPont analysis					
Net profit margin (%)	23.9	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 (%)	7.3	8.2	9.8	9.9	10.0
ROAA (%)	2.4	6.2	7.7	8.1	8.6
Liquidity & Efficiency					
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)	1.5	1.4	1.8	1.9	2.0
Current ratio (x)	9.2	4.8	4.2	4.2	6.6
Leverage & Expense Analysis					
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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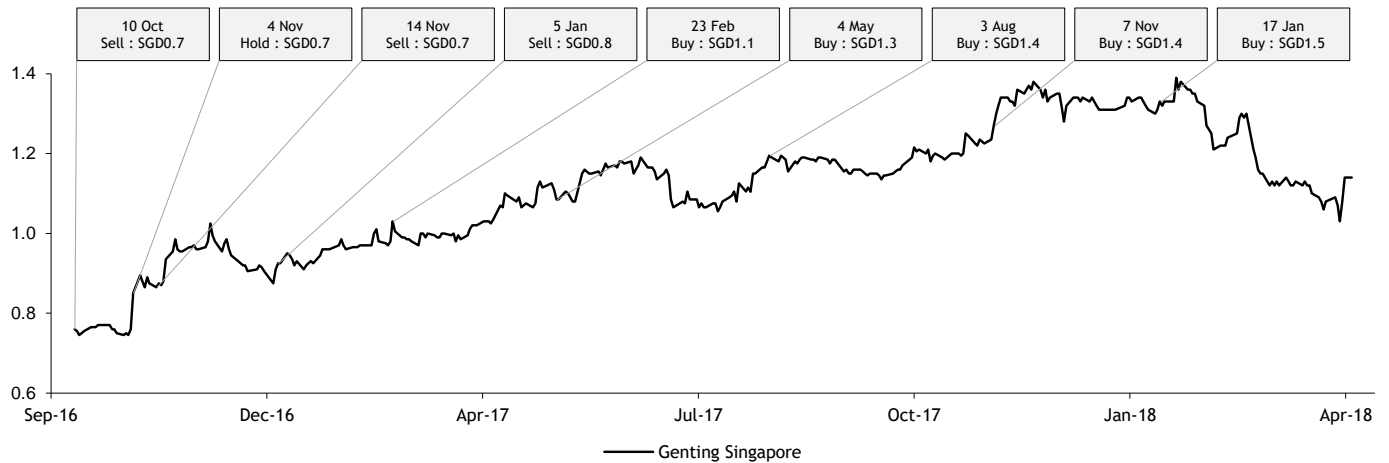
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Historical recommendations and target price: Genting Singapore (GENS SP)



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