

FLASH NOTE

Gaming

MBS 4Q21 Results: Supported By Commendable Mass Market Segment And Lucky VIP Wins

MBS delivered another commendable quarter with 4Q21 net gaming revenue recovering 67% qoq to reach 39% of pre-pandemic levels. This was supported by exceptionally high VIP win rates as well as relatively stable local patronage and mass market segment (mass volume recovered to 78% of pre-pandemic levels). Overall, we remain confident that Singapore's casinos are poised for a better recovery and expect 80-90% GGR growth in 2022. Maintain MARKET WEIGHT.

- MBS: Delivers positive EBITDA with another quarter of strong domestic patronage.** Las Vegas Sands' (LVS) 4Q21 results revealed that Marina Bay Sands' (MBS) adjusted EBITDA rose 33% yoy to US\$177m (hold-normalised adjusted EBITDA edged down 0.7% yoy to US\$145m). MBS' 4Q21 net gaming revenue also recovered 67.5% qoq to 39% of pre-pandemic levels. On a constant currency basis (in Singapore dollars), 4Q21's mass market (table and slot) gross gaming revenue (GGR) shrank 15% yoy but rose 26% qoq, while VIP GGR improved 111% yoy and 351% qoq. Mass:VIP GGR mix for tables (ie excluding slots) stood at 54:46 in 4Q21 (3Q21: 80:20, 4Q20: 78:22). MBS' 4Q21 EBITDA margin rose to 48.1% (3Q21: 6.0%, 4Q20: 41.7%).

- Mass market: Stable mass volume but affected by lower win rates.** In Singapore dollars, mass market non-rolling chip volume rose an estimated 44% yoy, recording the highest quarter since the COVID-19 pandemic broke out in 1Q20, but slot handle declined 15% yoy to only about 83% of pre-pandemic levels. With overall lower mass volumes (-6% yoy) and lower win rates, mass table GGR declined 3% yoy while slot GGR fell 22% yoy in 4Q21. The overall mass market GGR fell 15% yoy.

- VIP: RCV increased marginally yoy; exceptionally high win rate.** On a constant currency basis, we estimate that MBS' 4Q21 rolling chip volume (RCV) rose 3.3% yoy but made up only about 80% of pre-pandemic levels, mainly due to Singapore's border closure and travel impediments that largely reduced international tourist patronage. Nevertheless, the much stronger RCV coupled with exceptionally high win rate of 6.32% in 4Q21 (3Q21: 4.05%) resulted in GGR increasing 351% qoq. Meanwhile, RCV improved 3% yoy. With this, coupled with a much higher yoy win rate of 6.32% (4Q20: 3.09%), VIP GGR surged 111% yoy in 4Q21.

- RWS: Expecting a similarly solid quarter.** We expect the more locally-dependent Resorts World Singapore (RWS) to largely sustain its 3Q20 GGR level, which represents about 58% of pre-pandemic levels. Resilient local patronage will continue to serve as a significant interim earnings cushion, while international visitations will also gradually trickle in given Singapore's travel arrangements with more than 20 neighbouring countries. Another key re-rating catalyst is the wide dispensation of booster vaccines which will trigger valuations to factor in 2022's gradual recovery towards pre-pandemic earnings dynamics.

- Maintain MARKET WEIGHT while waiting for full border reopening after progressive booster vaccinations.** While there is a silver lining that the booster vaccines are effective against the highly transmissible Omicron variant and the death rate remains low, Singapore is eyeing the resumption of more international travel arrangements and has promised easier travel for fully-vaccinated tourists in the near term upon achieving herd immunity. To note, Singapore has quarantine-free vaccinated travel lanes (VTL) with >20 countries (refer to RHS table). This will allow Singapore's gaming industry to see a meaningful international footfall recovery which will subsequently lift its GGR prospects.

- Maintain BUY on Genting Singapore (GENS) with target price of S\$1.08,** which implies 10x 2022F EV/EBITDA (mean). We continue to expect the market to look beyond the waning COVID-19 setbacks and towards an eventual earnings recovery, with the improving momentum in the regional COVID-19 booster vaccination exercise eventually leading to the world treating COVID-19 as an endemic and borders being reopened.

MARKET WEIGHT

(Maintained)

STOCK RECOMMENDATION

Company	Ticker	Rec	Share Price	Target Price
Genting Singapore	GENS SP	BUY	S\$0.75	S\$1.08

Source: Bloomberg, UOB Kay Hian

GENS KEY ASSUMPTIONS

Year	FY19	FY20F	FY21F
Revenue	277.9	276.9	251.5
EBITDA (S\$m)	1,198	363	599
Hotel Occupancy (%)	91%	30%	40%

Source: UOB Kay Hian

LIST OF COUNTRIES' VTL WITH SINGAPORE

Country	Commencement
Australia	Adelaide, Brisbane, Melbourne, Perth, Sydney
Brunei	Bandar Seri Begawan
Cambodia	Phnom Penh, Siem Reap
Canada	Vancouver
Denmark	Copenhagen
France	Paris
Germany	Frankfurt, Munich
India	Chennai, Delhi, Mumbai
Indonesia	Jakarta
Italy	Milan, Rome
Malaysia	Kuala Lumpur
The Maldives	Male
The Netherlands	Amsterdam
Spain	Barcelona
South Korea	Seoul
Sri Lanka	Colombo
Switzerland	Zurich
Thailand	Bangkok
Turkey	Istanbul
United Kingdom	London, Manchester
United States	Houston, Los Angeles, New York (JFK), San Francisco, Seattle

Source: Media reports

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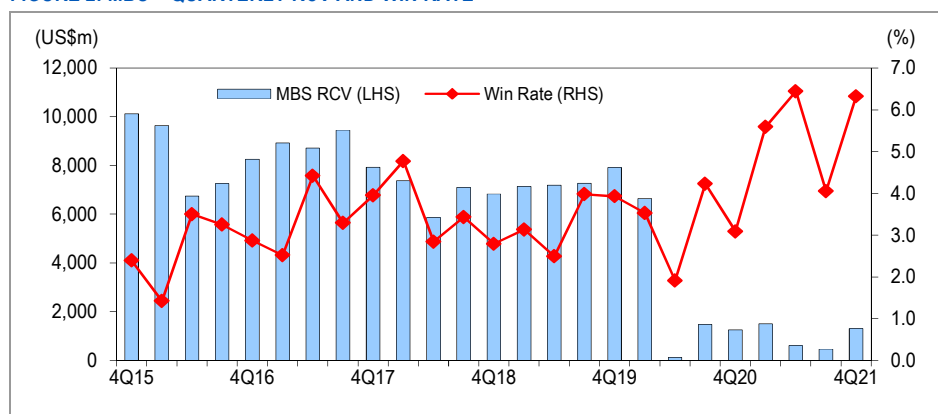
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FIGURE 1: SNAPSHOT OF GENS' AND MBS' RESULTS

(\$m)	Genting Singapore (GENS)				Marina Bay Sands (MBS)				
	4Q20	1Q21	2Q21	3Q21	4Q20	1Q21	2Q21	3Q21	4Q21
Net Daily Gaming Revenue	2.3	2.4	3.0	2.7	3.4	4.5	3.3	2.1	3.5
Net Gaming Revenue	213.5	216.9	276.9	251.5	315.4	403.7	297.2	192.1	321.7
GGR:									
VIP GGR	n.a.	n.a.	n.a.	n.a.	53.5	112.6	52.5	25.1	113.1
Mass GGR*	n.a.	n.a.	n.a.	n.a.	137.1	171.5	133.4	101.0	132.6
Slot GGR*	-	-	-	-	205.5	209.6	181.4	130.6	160.0
GGR Mix for Tables:									
- VIP (%)	n.a.	n.a.	n.a.	n.a.	28%	40%	28%	20%	46%
- Mass (%)	n.a.	n.a.	n.a.	n.a.	72%	60%	72%	80%	54%
Volume & Win:									
Rolling Chip Volume - VIP	n.a.	n.a.	n.a.	n.a.	1,731.5	2,014.6	815.7	620.8	1,788.8
Rolling Chip Win (%)	n.a.	n.a.	n.a.	n.a.	3.09%	5.59%	6.44%	4.05%	6.32%
Non-Rolling Chip Drop - Mass	-	-	-	-	765.9	898.0	737.0	863.0	1,104.8
Non-Rolling Chip Win (%)	-	-	-	-	17.9%	19.1%	18.1%	11.70%	12.00%
Slot Handle*	-	-	-	-	4,566.3	4,989.8	4,218.3	3,109.6	3,903.3
Slot Hold (%)*	-	-	-	-	4.50%	4.20%	4.30%	4.20%	4.10%
EBITDA Margin (%)	67.2%	42.5%	57.1%	40.8%	41.7%	33.8%	34.3%	6.0%	48.1%
EBITDA	211.3	118.1	158.0	102.5	198.4	191.9	149.3	20.3	240.2

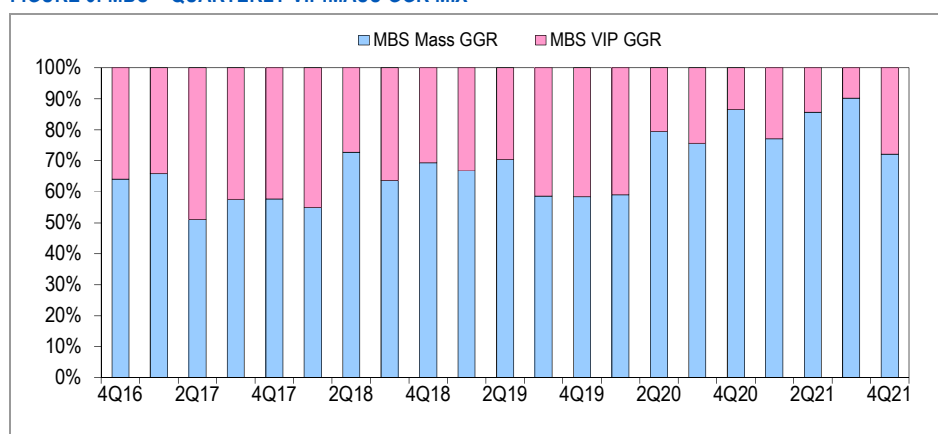
* GENS' mass GGR is just an approximation and includes both table games and slots
Source: GENS, LVS, UOB Kay Hian

FIGURE 2: MBS - QUARTERLY RCV AND WIN RATE



Source: LVS, UOB Kay Hian

FIGURE 3: MBS - QUARTERLY VIP:MASS GGR MIX



Source: UOB Kay Hian

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