

### FLASH NOTE

## Gaming

MBS 1Q22: Resilient Mass Segment On Volume Recovery And Lucky Wins

**MBS delivered a commendable quarter with 1Q22 net gaming revenue recovering 13% qoq to reach 49% of pre-pandemic levels. This was supported by relatively stable local patronage and the mass market segment (mass volume recovered to 59% 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 our OVERWEIGHT call for the sector, and BUY call for Genting Singapore.**

- MBS: Delivers another quarter of strong domestic patronage.** Las Vegas Sands' (LVS) 1Q22 results revealed that Marina Bay Sands' (MBS) adjusted EBITDA declined 16% yoy to US\$121m (hold-normalised adjusted EBITDA improved marginally by 4.3% yoy to US\$121m as 1Q21 benefitted from an exceptionally high win rate). MBS' 1Q22 net gaming revenue had also recovered 12.7% qoq to 49% of pre-pandemic levels. On a constant currency basis (in Singapore dollars), 1Q22's mass market (table and slot) gross gaming revenue (GGR) shrank 2% yoy but rose 27% qoq, while VIP GGR fell 25% yoy and 25% qoq. Mass:VIP GGR mix for tables (ie excluding slots) stood at 69:31 in 1Q22 (4Q21: 54:46, 1Q21: 60:40). MBS' 1Q22 EBITDA margin dropped to 30.3% (4Q21: 48.1%, 1Q21: 33.8%).
- Mass market: Stable mass volume despite lower win rates.** We estimate that the mass market non-rolling chip volume in Singapore dollars rose 20% yoy to represent the second-highest quarter since the COVID-19 outbreak in 2Q20 (59% of pre-pandemic levels), but slot handle declined 11% yoy to only about 92% of pre-pandemic levels. With the overall higher mass volume at +20% yoy but lower win rate, mass table GGR surged 11% yoy while slot GGR fell 13% yoy in 1Q22. The overall mass market GGR fell 2% yoy.
- VIP: RCV increased meaningfully yoy, but hit by lower win rate.** On a constant currency basis, we estimate MBS' 1Q22 rolling chip volume (RCV) rose 27.5% yoy (+43% qoq) and represented 27% of pre-pandemic levels, mainly due to Singapore's border closure and travel impediments. Nevertheless, the stronger RCV was hampered by a lower win rate of 3.3% in 1Q22 (4Q21: 6.32%; 1Q21: 5.59%), resulting in GGR decreasing 25% qoq and 25% yoy. However, the win rate plunged to 3.30% (1Q21: 5.59%), causing VIP GGR to fall 25% yoy in 1Q22.
- RWS: Expecting a similarly resilient quarter with meaningful gaming volume recovery.** We expect the more local-dependent Resorts World Singapore (RWS) to largely sustain its 3Q-4Q21 GGR levels, which represent about 58% of pre-pandemic levels. Resilient local patronage continue to serve as a significant interim earnings cushion, while international visitations have trickled in with Singapore relaxing social distancing measures and border restrictions.
- Maintain OVERWEIGHT as Singapore reopens its border.** Singapore has scrapped the previous quota-based Vaccinated Travel Lane (VTL) arrangement and replaced it with a new Vaccinated Travel Framework (VTF) which allows fully-vaccinated travellers to enter Singapore free of quarantine and on-arrival tests. From 26 Apr 22 onwards, pre-departure tests are no longer required for inoculated travellers entering Singapore. Subsequently, we expect the gaming industry to benefit from surging international patronage and GGR.
- Maintain BUY on Genting Singapore (GENS) with target price of S\$1.08,** which implies 8.8x 2023F EV/EBITDA (-0.5SD below mean). We continue to expect cash-flushed GENS (net cash accounts for 32% of market cap) to engage in significantly better capital management moving forward.

## OVERWEIGHT (Maintained)

### STOCK RECOMMENDATION

Company	Ticker	Rec	Share Price	Target Price
Genting Singapore	GENS SP	BUY	S\$0.80	S\$1.08

Source: Bloomberg, UOB Kay Hian

### GENS KEY ASSUMPTIONS

Year	FY20	FY21	FY22F
Revenue (\$m)	1,064	1,067	1,686
EBITDA (\$m)	427	448	773
Hotel Occupancy (%)	30%	60%	90%

Source: UOB Kay Hian

### ANALYST(S)

**Vincent Khoo, CFA**  
+603 2147 1998  
vincentkhoo@uobkayhian.com

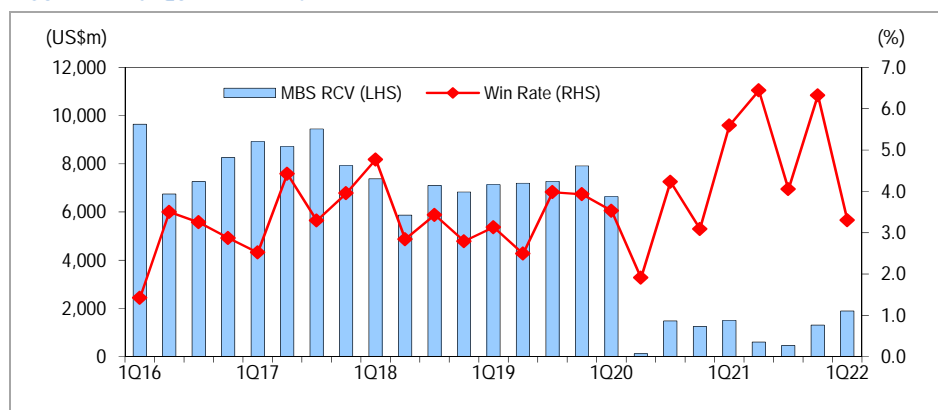
**Jack Goh**  
+603 2147 1983  
jackgoh@uobkayhian.com

FIGURE 1: SNAPSHOT OF GENS' AND MBS' RESULTS

(\$m)	Genting Singapore (GENS)				Marina Bay Sands (MBS)				
	1Q21	2Q21	3Q21	4Q21	1Q21	2Q21	3Q21	4Q21	1Q22
Net Daily Gaming Revenue	2.4	3.0	2.7	2.1	4.5	3.3	2.1	3.5	4.0
<b>Net Gaming Revenue</b>	<b>216.9</b>	<b>276.9</b>	<b>251.5</b>	<b>261.0</b>	<b>403.7</b>	<b>297.2</b>	<b>192.1</b>	<b>321.7</b>	<b>362.4</b>
<b>GGR:</b>									
VIP GGR	n.a.	n.a.	n.a.	n.a.	112.6	52.5	25.1	113.1	84.8
Mass GGR*	n.a.	n.a.	n.a.	n.a.	171.5	133.4	101.0	132.6	190.3
Slot GGR*	-	-	-	-	209.6	181.4	130.6	160.0	182.0
<b>GGR Mix for Tables:</b>									
- VIP (%)	n.a.	n.a.	n.a.	n.a.	40%	28%	20%	46%	31%
- Mass (%)	n.a.	n.a.	n.a.	n.a.	60%	72%	80%	54%	69%
<b>Volume &amp; Win:</b>									
Rolling Chip Volume - VIP	n.a.	n.a.	n.a.	n.a.	2,014.6	815.7	620.8	1,788.8	2,568.2
Rolling Chip Win (%)	n.a.	n.a.	n.a.	n.a.	5.59%	6.44%	4.05%	6.32%	3.30%
Non-Rolling Chip Drop - Mass	-	-	-	-	898.0	737.0	863.0	1,104.8	1,075.2
Non-Rolling Chip Win (%)	-	-	-	-	19.1%	18.1%	11.70%	12.00%	17.70%
Slot Handle*	-	-	-	-	4,989.8	4,218.3	3,109.6	3,903.3	4,438.6
Slot Hold (%)*	-	-	-	-	4.20%	4.30%	4.20%	4.10%	4.10%
<b>EBITDA Margin (%)</b>	<b>42.5%</b>	<b>57.1%</b>	<b>40.8%</b>	<b>26.6%</b>	<b>33.8%</b>	<b>34.3%</b>	<b>6.0%</b>	<b>48.1%</b>	<b>30.3%</b>
<b>EBITDA</b>	<b>118.1</b>	<b>158.0</b>	<b>102.5</b>	<b>69.4</b>	<b>191.9</b>	<b>149.3</b>	<b>20.3</b>	<b>240.2</b>	<b>163.6</b>

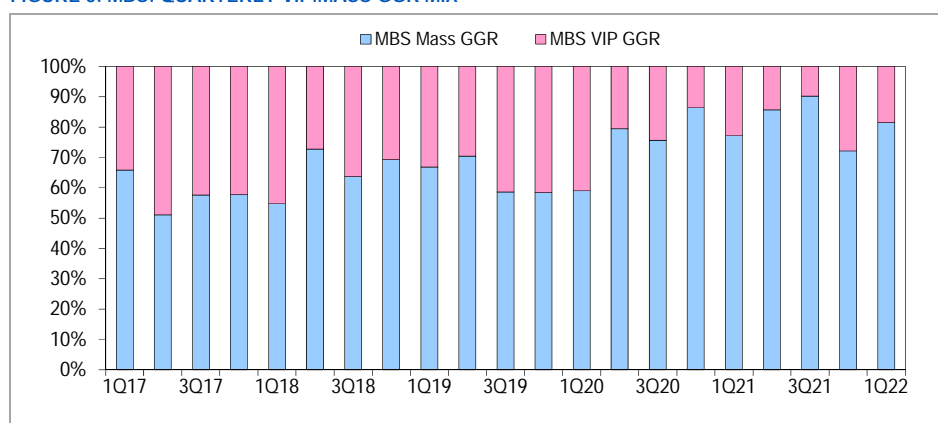
\* GENS' mass GGR is just an approximation and includes both table games and slots  
Source: GENS, LVS, UOB Kay Hian

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

### Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

**This report is prepared for general circulation.** It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

### IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

## Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2022, UOB Kay Hian Pte Ltd. All rights reserved.

<http://research.uobkayhian.com>

RCB Regn. No. 197000447W