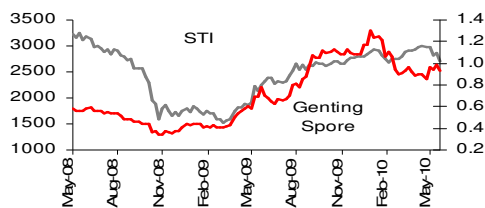


27 May 2010

Maintain

BUY

Previous Rating: BUY

Current Price: S\$1.00
Fair Value: S\$1.29


Genting Singapore

Encouraging tourist arrival numbers

Strong tourist arrivals bode well. Genting Singapore (GS) - which recently posted a much stronger-than-expected set of 1Q10 results - should continue to do well, buoyed by the strong influx of tourists into Singapore. According to the Singapore Tourism Board (STB), tourist arrivals jumped 20.4% YoY (+1.1% QoQ) to 938k foreigners - it is also the fifth straight month in which record monthly visitor arrivals were logged. The STB is targeting to pull in 11.5m to 12.5m visitors this year. Equally important is the strong jump in tourists from neighbouring Asian countries like Thailand (+57.5%), Malaysia (+50.8%) and India (+30.8%) while Indonesians remain Singapore's top market with 163k arrivals, up 8%; we believe that these countries are important catchment areas for GS, especially those within a five-hour plane ride from Singapore.

S\$70m of entry levies collected. On the casino front, the Singapore government recently announced that the casino entry levy - payable by Singapore citizens and permanent residents - collected by the two integrated resorts (IRs) amounted to S\$70m as of 10 May. But since Marina Bay Sands (MBS) only opened its doors to the public in late Apr, the bulk of the collection is likely to have come from Resorts World Sentosa (RWS) which started its casino operations on 14 Feb. And as the annual entry levy of S\$2000 is casino specific, we suspect that RWS may have a slight first-mover advantage over MBS. Meanwhile, our checks suggest that the gaming activities over at RWS have remained fairly stable and were not adversely affected by MBS' opening as some had feared.

Universal Studios Singapore ramping up. For the rest of RWS, management recently revealed that its hotels continue to see high occupancy rates (>60%) since opening with an average room rate of S\$250/night. This is also in line with our observations during our recent visits to the resort. As for Universal Studios Singapore (USS), GS recently ramped up its daily intake from the initial 3k visitors to 5k as the park continues to get run-in; we should see a further increase due to the upcoming Jun school holidays. We also understand that work has commenced on Phase 2 (West Zone) of the integrated resort and new attractions (including a marine park) should be ready by end 2011.

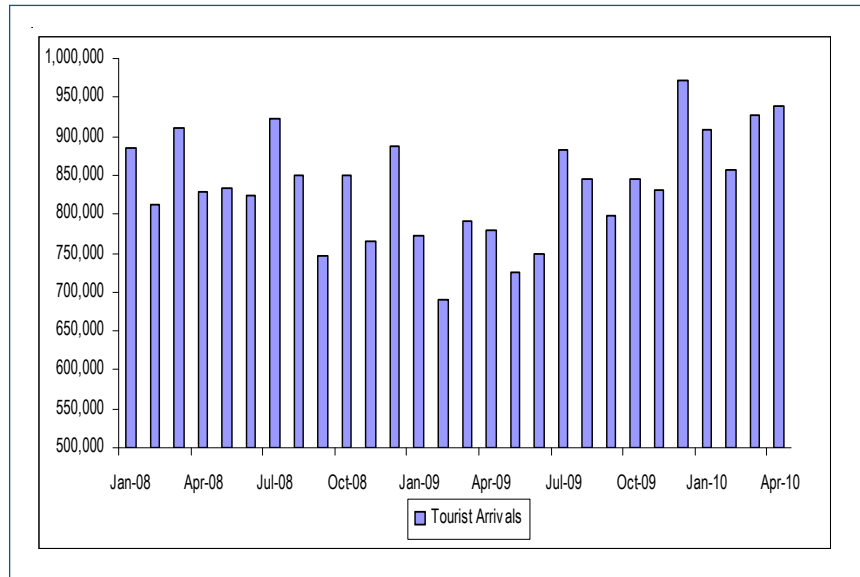
Maintain BUY. Based on the encouraging tourism numbers and the recent 1Q10 results, we remain upbeat about RWS' prospects this year, and maintain our **BUY** rating and S\$1.29 fair value.

Reuters Code	GNTGSI
ISIN Code	G13
Bloomberg Code	GENSP
Issued Capital (m)	12,170
Mkt Cap (S\$m / US\$m)	12,170 / 8,626
Major Shareholders	
Genting Berhad	49%
Free Float (%)	39.7%
Daily Vol 3-mth ('000)	99,426
52 Wk Range	0.603 - 1.320

(\$ m)	FY08	FY09	FY10F	FY11F
Revenue	630.7	491.2	1902.0	2479.5
EBITDA	26.7	-52.3	474.8	693.6
P/NTA (x)	5.7	2.3	3.0	2.7
EPS (cts)	-1.3	-2.9	1.9	3.4
PER (x)	na	na	53.2	29.1

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Exhibit 1: Singapore Tourist Arrivals by Month



Source: STB, OIR

Exhibit 2: Revenue and Adjusted EBITDA Breakdown

Segments (\$m)	1Q09	1Q10	% YoY	Adjusted EBITDA
Singapore	0	334.8	nm	109
UK	93.5	114	21.8%	16.7
Others	11.8	11.5	-2.1%	3.4
Investments	0.1	0.1	34.6%	-4.1
Total	105.4	460.4	336.8%	125

Source: Company, OIR

Genting's Key Financial Data

EARNINGS FORECAST					BALANCE SHEET				
Year Ended 31 Dec (\$m)	FY08	FY09	FY10F	FY11F	Year Ended 31 Dec (\$m)	FY08	FY09	FY10F	FY11F
Revenue	630.7	491.2	1,902.0	2,479.5	Cash	1,008.0	2,767.7	2,883.7	3,413.4
EBITDA	26.7	-52.3	474.8	693.6	Other Current Assets	259.0	296.5	465.9	582.1
Operating Profit	-15.8	-89.9	361.4	545.5	Fixed Assets	2,103.6	4,538.2	5,924.7	5,776.6
Fair Value Adj (Net)	33.2	-110.6	0.0	0.0	Intangible Assets	1,286.5	1,400.7	1,400.7	1,400.7
Impairment of Intangibles	-100.8	0.0	0.0	0.0	Total Assets	4,718.8	9,057.6	10,759.5	11,257.2
Finance Expenses	-64.2	-56.2	-123.3	-122.1	Current Liabilities less Debt	250.8	714.1	840.1	1,042.2
Associates	-0.9	-8.9	-8.9	-8.9	Debt	1,309.1	3,750.8	4,933.1	4,884.8
Exceptionals	0.0	0.0	0.0	0.0	Other Long Term Liabilities	421.1	458.5	343.3	343.3
Pre-tax Profit	-148.5	-265.7	229.1	414.4	Shareholders Equity	2,737.7	4,134.2	4,643.0	4,987.0
Net Profit	-124.8	-277.6	187.9	344.0	Total Equity and Liabilities	4,718.8	9,057.6	10,759.5	11,257.2
CASH FLOW					KEY RATES & RATIOS				
Year Ended 31 Dec (\$m)	FY08	FY09	FY10F	FY11F		FY08	FY09	FY10F	FY11F
Operating Profit	47.4	-32.7	421.0	760.5	EPS (S cents)	-1.3	-2.9	1.9	3.4
Working Capital Changes	-34.7	-31.9	-116.5	285.9	Core EPS (S cents)	-0.6	-1.7	1.9	3.4
Net Cash from Operations	29.7	-69.4	266.9	979.7	Core PER (x)	na	na	53.2	29.1
Capex	-748.6	-1,994.0	-1,500.0	-500.0	Price/NTA (x)	5.7	2.3	3.0	2.7
Investing Cash flow	-920.0	-1,998.8	-1,530.9	-279.5	EV/EBITDA (x)	372.8	-203.3	24.6	16.0
Change in Equity	0.2	1,510.3	321.0	0.0	Dividend Yield (%)	0.0	0.0	0.0	0.0
Net Debt Change	278.0	2,419.1	1,182.2	-48.3	ROIC (%)	-3.1	-3.5	2.0	3.5
Financing Cash Flow	243.1	3,825.6	1,379.9	-170.4	ROE (%)	-4.6	-6.7	4.0	6.9
Net Cash flow	-674.2	1,759.7	116.0	529.7	Net Gearing (%)	6.4	10.9	19.0	13.1
Ending Cash Balance	1,008.0	2,767.7	2,883.7	3,413.4	PE to Growth (x)	1.0	-0.3	-0.3	0.3

Source: Company data, OIR estimates

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The analyst/analysts who wrote this report holds NIL shares in the above security.

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Head of Research

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