

Malaysia

November 27, 2018 - 11:04 AM

HOLD (no change)

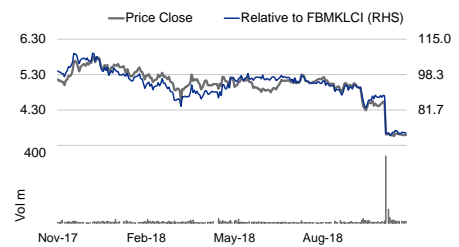
Consensus ratings*: Buy 6 Hold 5 Sell 9

Current price:	RM3.60
Target price:	RM4.85
Previous target:	RM4.85
Up/downside:	34.6%
CGS-CIMB / Consensus:	7.4%
Reuters:	GENM.KL
Bloomberg:	GENM MK
Market cap:	US\$4,862m
	RM20,353m
Average daily turnover:	US\$13.33m
	RM55.54m
Current shares o/s	5,938m
Free float:	50.7%

*Source: Bloomberg

Key financial forecasts

	Dec-18F	Dec-19F	Dec-20F
Net Profit (RMm)	1,624	1,530	1,730
Core EPS (RM)	0.27	0.26	0.29
Core EPS Growth	15.1%	(5.8%)	13.1%
FD Core P/E (x)	13.17	13.97	12.35
Recurring ROE	8.32%	7.80%	8.86%
P/BV (x)	1.09	1.09	1.10
DPS (RM)	0.10	0.10	0.11
Dividend Yield	2.78%	2.78%	3.06%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-18.4	-30.2	-29.6
Relative (%)	-19.5	-24.3	-28.7

Major shareholders	% held
Genting Berhad	49.3

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Genting Malaysia

Genting suing Disney and 21st Century Fox

- The Star daily newspaper has said that Genting Malaysia is suing Disney and 21st Century Fox for more than US\$1bn.
- This is a major negative surprise to us. The opening of the 21st Century Fox theme park has already been delayed for more than one year.
- We maintain Hold pending the conference call this Friday for 3QFY18 results.

Genting Malaysia sues Disney and 21st Century Fox

- According to the Star daily newspaper, Genting Malaysia (GM) is suing Walt Disney Co and 21st Century Fox Inc for more than US\$1bn (RM4.2bn). GM has accused both parties of abandoning a contract related to the planned construction of the first Fox-branded theme park. GM said "seller's remorse" induced Fox, with Disney's help, to breach the 2013 contract between GM and Fox Entertainment Group to licence intellectual property for Fox World.

GM has invested US\$750m

- According to the Star, GM said Fox issued a default notice with the hope of terminating the contract, in a manner "entirely consistent with Disney wanting to kill the deal" to benefit itself. GM has already invested US\$750m in the theme park,

This is a major negative surprise

- This news is a major negative surprise to us. GM's theme park was supposed to open in end-2017 but the date has been delayed to 1H2019. Due to potential legal complications, we are concerned if GM could still open the theme park in 1H2019.

We had forecast higher visitor arrivals in 2019/2020F

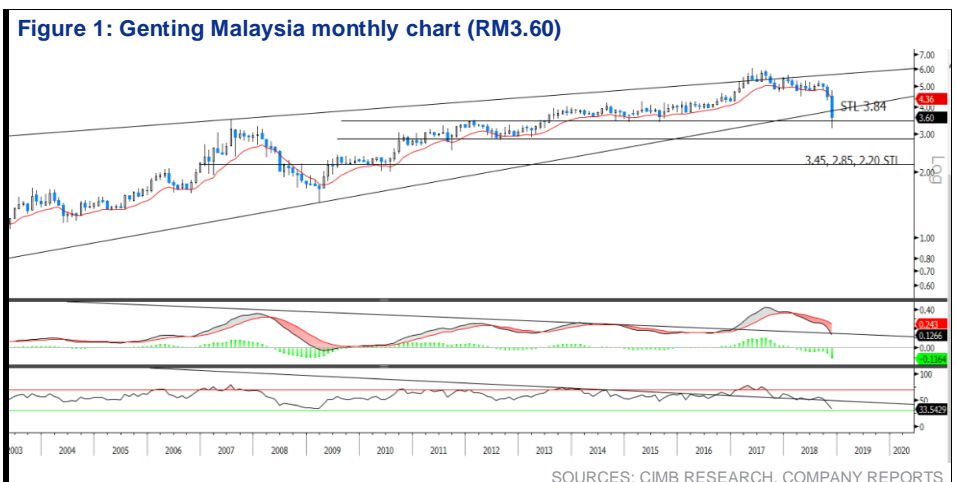
- Due to the opening of the new theme park in 2019F, we had earlier forecast visitor arrivals to rise 14-15% in 2019/2020F. Now, it looks like our forecasts could be too optimistic.

Maintain Hold call for now

- We are maintaining our EPS forecasts and our Hold call pending the conference call with management this Friday on its 3QFY18 results. A re-rating catalyst is the opening of the new theme park in mid-2019 while a de-rating catalyst is the theme park failing to open in 2019. Our target price remains pegged to its RNAV of RM4.85.

Support at RM3.45 and RM2.85

- GM's monthly charts show that a major support trendline at RM3.84 was broken this month and what was support is now resistance. The next technical support levels for the stock are at RM3.45 and RM2.85.



SOURCES: CIMB RESEARCH, COMPANY REPORTS

Figure 2: Sector / Peers Comparison

Company	Bloomberg Ticker	Recom	Price (local curr)	Target Price (local curr)	Market Cap (US\$m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY18F	CY19F		CY18F	CY19F	CY18F	CY19F	CY18F	CY19F	CY18F	CY19F
Genting Bhd	GENT MK	Add	6.90	10.30	6,346	12.3	13.0	36.8%	0.7	0.7	5.9%	5.3%	4.9	4.5	1.7%	1.7%
Genting Malaysia	GENM MK	Hold	3.60	4.85	4,862	13.2	14.0	8.1%	1.1	1.1	8.5%	7.8%	8.3	8.8	2.8%	2.8%
Berjaya Sports Toto	BST MK	Add	2.27	3.09	730	10.9	9.7	13.3%	4.0	3.7	37.0%	39.4%	7.3	6.8	7.7%	8.2%
Magnum Bhd	MAG MK	Hold	2.00	2.18	680	13.1	12.3	9.6%	1.6	1.5	10.1%	12.8%	13.1	12.4	6.0%	6.3%
Sector average					3,155	12.4	12.3	16.9%	1.8	1.7	15.4%	16.3%	8.4	8.1	4.5%	4.7%

SOURCES: CIMB RESEARCH, COMPANY REPORTS

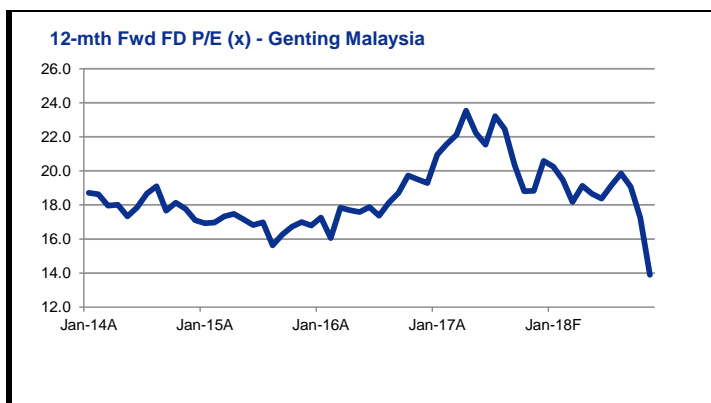
BY THE NUMBERS

Profit & Loss				
(RMm)	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Net Revenues	9,494	10,163	11,179	11,852
Gross Profit	9,494	10,163	11,179	11,852
Operating EBITDA	2,207	2,491	2,497	2,860
Depreciation And Amortisation	(940)	(843)	(921)	(998)
Operating EBIT	1,267	1,648	1,577	1,861
Financial Income/(Expense)	189	158	119	70
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	(139)	0	0	0
Profit Before Tax (pre-EI)	1,318	1,806	1,696	1,932
Exceptional Items				
Pre-tax Profit	1,318	1,806	1,696	1,932
Taxation	(247)	(271)	(254)	(290)
Exceptional Income - post-tax				
Profit After Tax	1,071	1,535	1,442	1,642
Minority Interests	89	89	89	89
Preferred Dividends	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	1,160	1,624	1,530	1,730
Recurring Net Profit	1,410	1,624	1,530	1,730
Fully Diluted Recurring Net Profit	1,410	1,624	1,530	1,730

Balance Sheet				
(RMm)	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Cash And Equivalents	5,997	5,009	4,048	3,034
Total Debtors	684	732	806	854
Inventories	112	119	131	139
Total Other Current Assets	267	267	267	267
Total Current Assets	7,059	6,128	5,252	4,294
Fixed Assets	13,835	15,060	16,140	17,141
Total Investments	4,235	4,235	4,235	4,235
Intangible Assets	4,654	4,654	4,654	4,654
Total Other Non-Current Assets	185	385	395	405
Total Non-current Assets	22,909	24,334	25,424	26,435
Short-term Debt	309	294	279	265
Current Portion of Long-Term Debt				
Total Creditors	2,665	2,852	3,138	3,326
Other Current Liabilities	278	278	278	278
Total Current Liabilities	3,252	3,424	3,695	3,870
Total Long-term Debt	6,591	6,591	6,591	6,591
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	267	267	267	267
Total Non-current Liabilities	6,858	6,858	6,858	6,858
Total Provisions	716	716	716	716
Total Liabilities	10,826	10,999	11,269	11,444
Shareholders' Equity	19,357	19,657	19,599	19,477
Minority Interests	(193)	(193)	(193)	(193)
Total Equity	19,163	19,464	19,406	19,284

Cash Flow				
(RMm)	Dec-17A	Dec-18F	Dec-19F	Dec-20F
EBITDA	2,207	2,491	2,497	2,860
Cash Flow from Inv. & Assoc.				
Change In Working Capital	16	211	279	212
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0	0	0	0
Net Interest (Paid)/Received	218	158	119	70
Tax Paid	(247)	(271)	(254)	(290)
Cashflow From Operations	2,194	2,589	2,642	2,852
Capex	(2,659)	(2,000)	(2,000)	(2,000)
Disposals Of FAs/subsidiaries	0	0	0	0
Acq. Of Subsidiaries/Investments	0	0	0	0
Other Investing Cashflow	378	296	257	208
Cash Flow From Investing	(2,281)	(1,704)	(1,743)	(1,792)
Debt Raised/(repaid)	5,010	(15)	(15)	(14)
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(991)	(1,323)	(1,588)	(1,853)
Preferred Dividends				
Other Financing Cashflow	(2,593)	(349)	(417)	(349)
Cash Flow From Financing	1,426	(1,688)	(2,020)	(2,216)
Total Cash Generated	1,339	(803)	(1,121)	(1,156)
Free Cashflow To Equity	4,923	869	884	1,046
Free Cashflow To Firm	(0)	1,023	1,036	1,197

Key Ratios				
	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue Growth	6.29%	7.05%	9.99%	6.02%
Operating EBITDA Growth	(9.3%)	12.9%	0.2%	14.5%
Operating EBITDA Margin	23.3%	24.5%	22.3%	24.1%
Net Cash Per Share (RM)	(0.15)	(0.32)	(0.48)	(0.64)
BVPS (RM)	3.26	3.31	3.30	3.28
Gross Interest Cover	11.03	11.94	11.45	13.55
Effective Tax Rate	18.8%	15.0%	15.0%	15.0%
Net Dividend Payout Ratio	53.8%	69.8%	89.0%	91.7%
Accounts Receivables Days	24.05	25.44	25.11	25.63
Inventory Days	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A
ROIC (%)	6.05%	7.36%	6.54%	7.36%
ROCE (%)	6.10%	7.22%	6.78%	7.68%
Return On Average Assets	4.1%	5.6%	5.3%	6.1%



Key Drivers				
	Dec-17A	Dec-18F	Dec-19F	Dec-20F
VIP Chip Volume (% Change)	N/A	N/A	N/A	N/A
VIP Chip Win Percentage (%)	N/A	N/A	N/A	N/A
Mass mkt chip drop (% chg.)	N/A	N/A	N/A	N/A
Mass mkt chip win (%-tage)	N/A	N/A	N/A	N/A
Slot Handle (% Change)	N/A	N/A	N/A	N/A
Slot Hold Percentage (%)	N/A	N/A	N/A	N/A
Net Win Per Slot (% Change)	N/A	N/A	N/A	N/A
Net Win Per Table (% Change)	N/A	N/A	N/A	N/A
No. Of Slots	4,000	4,000	4,000	4,000
No. Of Tables	700	700	700	700

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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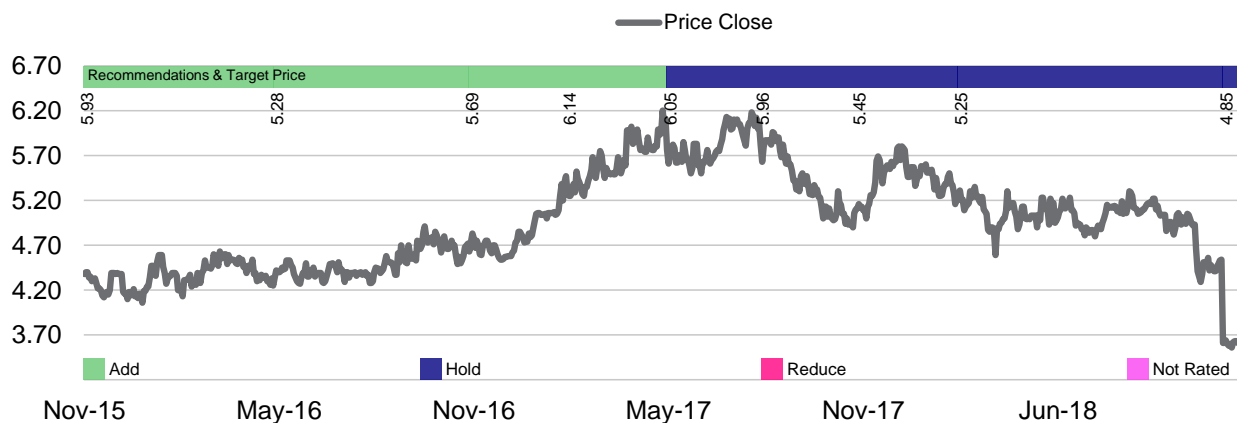
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2018		
759 companies under coverage for quarter ended on 30 September 2018		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.5%	4.2%
Hold	25.8%	2.4%
Reduce	13.7%	0.4%

Spitzer Chart for stock being researched (2 year data)

Genting Malaysia (GENM MK)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2017, Anti-Corruption 2017

AAV – Very Good, n/a, **ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AMATA** – Very Good, n/a, **ANAN** – Excellent, n/a, **AOT** – Excellent, Declared, **AP** – Excellent, Declared, **ASK** – Very Good, Declared, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Declared, **BCP** - Excellent, Certified, **BCPG** – Very Good, n/a, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – not available, n/a, **BH** - Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Declared, **BLA** – Very Good, Certified, **BPP** – Good, n/a, **BR** - Good, Declared, **BTS** - Excellent, Certified, **CBG** – Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Very Good, Declared, **CPALL** – not available, Declared, **CPF** – Excellent, Declared, **CPN** - Excellent, Certified, **DELTA** - Excellent, n/a, **DEMCO** – Excellent, Certified, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Very Good, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **GFPT** - Excellent, Declared, **GGC** – not available, Declared, **GLOBAL** – Very Good, Declared, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Declared, **GRAMMY** - Excellent, n/a, **GUNKUL** – Excellent, Declared, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **ICHI** – Excellent, n/a, **III** – not available, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JAS** – not available, Declared, **JASIF** – not available, n/a, **JUBILE** – Good, Declared, **KAMART** – not available, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KGI** – Very Good, Certified, **KKP** – Excellent, Certified, **KSL** – Very Good, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, n/a, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Very Good, Declared, **MALEE** – Very Good, n/a, **MBKET** – Very Good, Certified, **MC** – Very Good, Declared, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTLS** – Very Good, Declared, **NYT** – Excellent, n/a, **OISHI** – Very Good, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PSH** – Excellent, Certified, **PSL** - Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **SAMART** - Excellent, n/a, **SAPPE** - Good, n/a, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCBLIF** – not available, n/a, **SCC** – Excellent, Certified, **SCN** – Very Good, Declared, **SCCC** - Excellent, Declared, **SIM** - Excellent, n/a, **SIRI** – Very Good, Declared, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Declared, **STA** – Very Good, Declared, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **TASCO** – Very Good, n/a, **TCAP** – Excellent, Certified, **THAI** – Very Good, n/a, **THANI** – Very Good, Certified, **THCOM** – Excellent, Certified, **THRE** – Very Good, Certified, **THREL** – Excellent, Certified, **TICON** – Very Good, Declared, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TK** – Very Good, n/a, **TKN** – Very Good, Declared, **TMB** - Excellent, Certified, **TNR** – Good, n/a, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – not available, n/a, **TRUE** – Excellent, Declared, **TTW** – Very Good, n/a, **TU** – Excellent, Declared, **TVO** – Excellent, Declared, **UNIQ** – not available, Declared, **VGI** – Excellent, Declared, **WHA** – not available, Declared, **WHART** – not available, n/a, **WORK** – not available, n/a.

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- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

Recommendation Framework

Stock Ratings

- Add** Definition: The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** Definition: The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** Definition: The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

- Overweight** Definition: An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** Definition: A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** Definition: An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

- Overweight** Definition: An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.

Neutral
Underweight

A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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