

**BUY**  
**RM6.29**

Target Price: RM8.68

# Genting

**FY09 better than expected**
**Stock data**

Market cap (RMm):	23,306.3
Issued shares (m):	3,705.3
52-week range:	RM3.08-RM7.87
3-mth avg daily volume:	6,369,080 shrs
Bloomberg code:	GENT MK
YTD price chg:	-1.1%
YTD KLCI chg:	+1.1%
Est. free float:	60.5%
Major shareholders:	
<i>Kien Huat Realty S/B:</i>	39.5%

KLCI	FBM70	FBM100	Syariah	Hijrah
Yes	No	Yes	No	No

**Consensus**

FYE 31 Dec	2010E	2011E
Net profit (RMm):	1,499.3	1,888.6
EPS (sen):	40.5	50.8

**Forecast revision**

FYE 31 Dec	2010E	2011E
Prev. net profit (RMm):	1081.5	1327.7
Revision (%):	+1.9%	+7.3%
New net profit (RMm):	1102.3	1424.3

**Share price chart**

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- **FY09 net profit of RM1,044.3m was 5% and 8% below our forecast of RM1,102m and consensus full year estimates of RM1,145m. Excluding the exceptional losses of RM157m from group's O&G project, Walker Digital Gaming ("WDG") and Genting Hong Kong (formerly Star Cruises), the net profit of RM1,201m beat our forecast and consensus by 9% and 5% respectively.**
- **QoQ, 4Q09 net profit of RM245.4m compared to RM371.3m in 3Q09, was largely due lower earnings from gaming operations as weaker luck factor affected overall profitability and higher interest expense. Plantations and Power were the only two sectors that contributed positively on better CPO price and China power plants contributing positively on higher dispatch and lower coal prices.**
- **YoY, 4Q09 net profit was significantly higher as a result of the exceptional impairment loss of RM781.5m recognized in 4Q08 on investment in Genting HK where net loss of RM120.8m was sustained. Stripping out the exceptional items, 4Q09 core net profit of RM245.4m was sharply lower than RM660.7m in 4Q08. Similar to QoQ comparison, the gaming pretax contribution of RM376.4m was 45% lower than 4Q08 of RM688.0m.**
- **Final dividend of 4.2sen makes a total of 7.2 sen total dividend for FY09 or a dividend yield of 1.1%. Maintain FY10 earning forecast and introducing FY11 net profit forecast of RM1,569m**
- **Going forward, Genting will experience higher gaming revenue as luck factor normalize and Resorts World Sentosa starts contributing positively. Plantations expect to clock in bottom line as CPO prices remain flat. O&G and Power should continue to see higher bottom line if coal prices remains stable.**
- **Maintain BUY with target price of RM8.68.** Genting continues to be on prowl for attractive investment opportunities. Buying a casino especially in Las Vegas would be a positive rerating catalyst for the company.

**Results Highlights**

	4Q08	1Q09	2Q09	3Q09	4Q09	QoQ Chg	YoY Chg	FY08	FY09	YoY YTD Chg
FYE 31 Dec (RMm)										
Revenue	2,390.2	2,069.2	2,102.7	2,401.6	2,320.1	-3.4%	-2.9%	6,573.5	8,893.6	35.3%
EBITDA	841.7	790.9	804.9	1,120.8	623.0	-44.4%	-26.0%	3,516.9	3,488.6	-0.8%
EBITDA margin (%)	35.2	38.2	38.3	46.7	26.9	-42.5%	-23.7%	53.5	39.2	-26.7%
Depreciation	(162.4)	(168.4)	(169.4)	(173.6)	(175.8)	1.2%	8.2%	(624.5)	(687.1)	10.0%
Interest expenses	(64.2)	(67.0)	(63.8)	(56.7)	73.8	-230.2%	-214.9%	(269.4)	(261.4)	-3.0%
Interest income	48.9	32.9	27.9	32.1	32.0	-0.2%	-34.6%	215.5	124.9	-42.0%
Net int. expenses	(15.3)	(34.1)	(35.9)	(24.7)	105.9	-529.4%	-790.7%	(53.9)	(136.5)	153.4%
Exceptional	(781.5)	(30.4)	1.4	(126.6)	-	-100.0%	-100.0%	(1,178.0)	(157.0)	-86.7%
Associates	8.7	8.9	(30.6)	9.5	32.6	243.0%	276.6%	74.3	20.4	-72.5%
Pretax profit	(108.9)	566.8	570.5	805.5	585.7	-27.3%	-637.6%	1,734.8	2,528.4	45.7%
Taxes	(190.9)	(183.3)	(181.6)	(191.1)	(189.6)	-0.8%	-0.7%	(751.4)	(745.6)	-0.8%
Minorities	179.1	(170.5)	(174.3)	(243.1)	(150.7)	-38.0%	-184.1%	(414.1)	(738.5)	78.3%
Net profit	(120.8)	213.1	214.5	371.3	245.4	-33.9%	-303.2%	569.3	1,044.3	83.4%
Core net profit	660.72	243.54	213.11	497.88	245.40	-50.7%	-62.9%	1,747.32	1,201.32	-31.2%
EPS (sen)	(3.26)	5.75	5.79	10.02	6.62	-33.9%	-303.2%	15.37	28.19	83.4%

## Revenue and pre-tax profit breakdown

FYE 31 Dec (RMm)	4Q08	3Q09	4Q09	QoQ Chg	YoY Chg	FY08	FY09	YoY Chg	Comments
<b>Revenue</b>									4Q09 was impacted by weaker luck factor. YoY, FY09
Leisure & hospitality	1,704.3	1,644.6	1,537.7	-6.5%	-9.8%	6,251.0	6,016.9	-3.7%	
Plantation	138.2	176.3	216.9	23.0%	56.9%	936.5	675.4	-27.9%	
Property	20.6	23.2	27.7	19.4%	34.5%	117.6	96.6	-17.9%	
Power	471.1	502.1	478.9	-4.6%	1.7%	1,564.0	1,871.0	19.6%	
Oil and Gas	51.0	38.3	40.4	5.5%	-20.8%	182.7	143.4	-21.5%	
Others	5.0	17.1	18.5	8.2%	270.0%	30.7	90.3	194.1%	
<b>Total</b>	<b>2,390.2</b>	<b>2,401.6</b>	<b>2,320.1</b>	<b>-3.4%</b>	<b>-2.9%</b>	<b>9,082.5</b>	<b>8,893.6</b>	<b>-2.1%</b>	
<b>Pre-tax profit</b>									9M09 leisure underpinned by strong highlands performance and better luck factor for highlands and UK casinos.
Leisure & hospitality	688.0	643.2	376.4	-41.5%	-45.3%	2,229.3	1,996.2	-10.5%	9M09 plantation profit lower with lower CPO prices and weaker yield.
Plantation	40.4	79.1	92.8	17.3%	129.7%	458.4	285.0	-37.8%	9M09 power was up with on higher Meizhou Wan electricity generation.
Property	3.4	4.5	3.3	-26.7%	-2.9%	25.9	21.2	-18.1%	Exceptional impairment incurred for O&G project, WDG and Genting Hong Kong.
Power	(20.5)	83.3	103.1	23.8%	-602.9%	193.4	363.1	87.7%	
Oil and Gas	22.8	4.8	(9.6)	-300.0%	-142.1%	73.5	4.6	-93.7%	
Others	(54.9)	127.4	2.2	-98.3%	-104.0%	(133.5)	98.4	-173.7%	
Exceptional	(781.5)	(121.7)	26.7	-121.9%	-103.4%	(1,132.7)	(124.0)	-89.1%	
<b>Net Interest expenses</b>	<b>(15.3)</b>	<b>(24.6)</b>	<b>(41.8)</b>	<b>69.9%</b>	<b>172.7%</b>	<b>(53.9)</b>	<b>(136.5)</b>	<b>153.4%</b>	
<b>Associates</b>	<b>8.7</b>	<b>9.5</b>	<b>32.6</b>	<b>243.2%</b>	<b>274.7%</b>	<b>74.3</b>	<b>20.4</b>	<b>-72.5%</b>	
<b>Total</b>	<b>(108.9)</b>	<b>805.5</b>	<b>585.7</b>	<b>-27.3%</b>	<b>-637.7%</b>	<b>1,734.7</b>	<b>2,528.4</b>	<b>45.8%</b>	

## Earnings Estimates

FYE 31 Dec (RMm)	2007	2008	2009	2010E	2011E
Revenue	8,483.8	9,082.5	8,893.6	13,863.9	14,574.2
Pretax profit	3,394.5	1,734.8	2,528.4	3,295.5	3,593.8
Net profit	1,988.9	569.3	1,044.3	1,421.7	1,570.1
Core net profit	1,597.7	1,702.2	1,201.3	1,421.7	1,569.1
EPS (sen)	53.7	15.4	28.2	38.4	42.4
EPS growth (%)	32.2	(71.4)	83.4	36.1	10.4
Core EPS (sen)	43.2	46.0	32.5	38.4	42.4
DPS (sen)	37.4	7.0	7.5	8.0	8.5
NTA/share (RM)	1.6	1.9	2.1	2.4	2.9
Net gearing (x)	n.m.	n.m.	0.4	0.25	0.0
PER (x)	11.4	39.8	21.7	16.0	14.4
Core PER (x)	14.2	13.3	18.9	16.0	14.5
P/NTA (x)	3.8	3.2	2.9	2.5	2.1
Div. Yield (%)	6.1	1.1	1.2	1.3	1.4
ROE (%)	16.1	4.6	7.9	9.9	9.8

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