

28 November 2025

Genting Malaysia

Decent 9M but New York City Is Key

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GENM's 9MFY25 core net profit (CNP) beat Kenanga's forecast to exceed market estimate by 8%. RW Genting (RWG) and US saw better 3QFY25 earnings despite New York City (NYC) casino bidding costs. UK's performance was mix but still decent. More importantly, we are confident GENM will win one of NYC full-service casino license followed by stronger-than-earlier expected earnings due to MGM Resorts surprise exit from the contest. FY25-26F core EPS are revised up by 21-26% respectively. TP is raised from RM2.00 to RM3.00 and our recommendation is upgraded from MARKET PERFORM to an OUTPERFORM.

9MFY25. Excluding non-operating expenses (RM88.4m), 9MFY25 CNP of RM697.6m fell 34% YoY due to a weak 1QFY25 but still match consensus and exceeded Kenanga's full-year FY25 estimate. RWG continue to fare better on higher footfall and spending while lower business and higher operating cost dampened contributions from the UK. US earnings dipped YoY as 9MFY24 earnings included FX gains of RM441m.

3QFY25. GENM reported 3QFY25 CNP of only RM159.5m (-63% QoQ, -81% YoY) due to FX gains of RM195.8m in 2QFY25 as well as RM568m in the 3QFY24. Otherwise, RWG's earnings picked up (+3% QoQ, +27% YoY) and so did US operation (+28% QoQ, +22% YoY) while UK operation saw mixed performance (+23% QoQ, -17% YoY). Net debt eased from RM11.3b in 2QFY25 to RM11.2b (95% net gearing). As is the company's part practice, no 3Q dividends was declared. FY25-26 full year DPS is left intact at 5 sen a year.

Brighter days ahead. 4QFY25 and FY26 should see higher foot fall at RWG from year-end festivities and Visit Malaysia 2026 which is targeting 36m in tourist arrival (vs. 25m in CY24). Meanwhile in July 2025, UK allowed more gaming machines at smaller casinos, hence UK profits should grow over the coming years. GENM also consolidated its US investment by taking over the remaining 51% equity in ER from Kien Huat III Realty Ltd in May 2025 for USD41m. Then in Aug 2025, the US unit disposed of RW Catskills' non-gaming assets to a NY State Sullivan County vehicle for USD525m which allows ER to pay off all its outstanding debt.

Big boost from MGM Resorts having exited the NYC casino bid. In Aug, we highlighted RWNYP's likelihood of winning one of potentially three new NYC casino licences. MGM Resorts, the other incumbent operating Empire City Casino at Yonker, was another favourite until it unexpectedly pulled out on 15 Oct. Empire City Casino will still offer Video Lottery Terminals (VLTs) but not live table games and a single live table can gross 9-12x more than a VLT devise (based on NY State and Nevada gaming data). Therefore, we believe the exit by MGM Resorts is very positive for RWNYP on several counts:

- a) **Higher odds of securing a NYC license.** RWNYP is now the only incumbent in the contest. The other two remaining contenders are freshly formed consortiums which are untested partnership, new to NY gaming environment and will take 3-5 years to complete their facilities and thus will not be paying gaming taxes to NY State until then. Meanwhile, RWNYP, already the largest taxpayer in NY State, plans to start live games from mid-FY26 onwards; hence, helping to smooth out gaming tax revenue due to NY State until the other new casinos open. NYC is due to announce the winner(s) early next week.

OUTPERFORM ↑

Price : **RM2.35**
Target Price : **RM3.00** ↑

Share Price Performance



KLCI 1,617.46
YTD KLCI chg earnings-1.5%
YTD stock price chg 4.0%

Stock Information

Shariah Compliant	No
Bloomberg Ticker	GENM MK EQUITY
Market Cap (RM m)	13,319.2
Shares Outstanding	5,667.7
52-week range (H)	2.48
52-week range (L)	1.46
3-mth avg daily vol:	21,381,130
Free Float	37%
Beta	0.8

Major Shareholders

Genting Bhd	62.8%
Vanguard Group Inc	1.8%
AIA Bhd	1.3%

Summary Earnings Table

FYE Dec (RM m)	2024A	2025F	2026F
Turnover	10,912	12,059	13,751
EBIT	1,670	2,034	2,352
PBT	487	1,092	1,304
Net Profit (NP)	251	537	968
Core Net profit	632	626	718
Consensus (NP)	-	581	633
Earnings Revision (%)	-	21%	26%
EPS (sen)	10.7	10.6	12.1
EPS growth (%)	55.9	-1.0	14.8
NDPS (sen)	10.0	5.0	5.0
BV/Share (RM)	2.10	2.16	2.28
NTA/Share (RM)	1.40	1.40	1.57
PER (x)	22.0	22.2	19.4
PBV (x)	1.12	1.09	1.03
Price/NTA (x)	1.68	1.68	1.50
Net Gearing (x)	0.82	0.84	0.83
Net Yield (%)	4.3	2.1	2.1

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- b) **Stronger FY26 earnings.** A win also means RWNYC will be the only casino permitted to offer live table games in NYC when its Phase 1 opens with 250 live tables in mid-FY26 followed by 400 tables in early FY27. Meanwhile, the other contenders (if any) are expected to open their facilities in only 3-5 years' time. Independent gaming consultant, Spectrum Gaming Group, estimates RWNYC to reap gross gaming revenue (GGR) of USD2.7b-USD4b depending on whether it is the only winner or it has to share the NYC full casino market with others. For contrast, RWNYC's current operation generates annual GGR of nearly USD1b which we expect to grow to USD3b by FY29 with a new license.
- c) **Greater funding flexibility.** Prospect of better earnings is set to translate into stronger cash flows as well, providing GENM with more headroom and options if and when it needs additional funds for the project. The estimated cost for the new NYC casino is USD4b-USD5b. Earlier, we estimated a funding gap of USD2b-USD3b for the project but with stronger cash flows, the gap might narrow to around USD1b-USD2b or even smaller depending on RWNYC earnings as it takes shape as the only full-service casino over FY26-28/29. As such the risk of heavy dilution is reduced. In any case, GENM has 270m treasury shares worth RM0.5b and 15 acres of Miami land which it nearly sold for USD1.2b

Mandatory General Offer at RM2.35 now looks cheap. Genting Berhad (GENT, Not Rated) first offered to voluntarily buy out the remaining 50.64% stake in GENM which it did not own at RM2.35 on 13 Oct. MGM Resorts had not announced its intention to pull out of the bid for one of the three NYC full casino license at that juncture. MGM Resorts only did so on 15 Oct which, in our view, has substantially boosted RWNYC chances of winning, earnings/cash flows and cut the risk of heavy dilution.

Forecasts. Upgrade FY25F core EPS by 21% to 8.8 sen and 26% to 9.6 sen for FY26F core EPS from a combination of better underlying RWG, UK and a win for RWNYC in securing a full-service casino licence next week. Our TP is raised from RM2.00 to RM3.00 on the back of: (a) 1.0x PBV which is still below the group's past 10-year PBV range of 1.1x-1.2x, and (b) an estimated RM1.00 enhancement from RWNYC assuming no dilution from new GENM shares. There is also no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

We **upgrade GENM from MARKET PERFORM to OUTPERFORM** as we find the risk-reward is now much more attractive following MGM Resorts' exit from NYC casino contest thus paving way for RWNYC to win and operate the sole full service casino in NYC for the coming 3-4 years.

Risks to our recommendation include: (i) non-renewal of licenses, (ii) unfavourable prize pay-out ratios, (iii) weak consumer spending amidst high inflation, and (iv) products perceived to be socially undesirable.

Income Statement								
FYE Dec (RM m)	3Q25	2Q25	QoQ %	3Q24	YoY %	9MFY25	9MFY24	YoY %
Turnover	3,357.8	2,918.5	+15%	2,749.1	+22%	8,871.5	8,183.5	+8%
EBITDA	838.1	1,029.6	-19%	1,305.3	-36%	2,604.9	2,729.8	-5%
Depreciation	(338.5)	(313.5)	+8%	(312.4)	+8%	(947.8)	(930.9)	+2%
EBIT	499.6	716.1	-30%	992.9	-50%	1,657.1	1,798.9	-8%
Interest & other incomes	17.8	41.8	-57%	33.4	-47%	86.1	96.3	-11%
Interest expense	(219.9)	(196.0)	+12%	(201.1)	+9%	(600.1)	(526.4)	+14%
Associates	(0.8)	(42.2)	-98%	(32.1)	-98%	(110.6)	(171.7)	-36%
Exceptional items	(39.9)	(16.4)	+143%	(257.3)	-84%	(88.4)	(342.2)	-74%
Pretax profit	256.8	503.3	-49%	535.8	-52%	944.1	854.9	+10%
Taxation	(159.2)	(105.2)	+51%	12.5	-1373%	(396.5)	(207.2)	+91%
Profit after tax	97.6	398.1	-75%	548.3	-82%	547.6	647.7	-15%
Minority interest	22.1	18.6	+19%	20.9	+6%	61.5	61.5	+0%
Net profit	119.6	416.7	-71%	569.2	-79%	609.2	709.2	-14%
Core net profit (CNP)	159.5	433.1	-63%	826.5	-81%	697.6	1,051.4	-34%
Unrealised FX	2.2	(195.8)	-101%	(568.0)	-100%	(251.4)	(440.7)	-43%
CNP less unrealised FX	161.7	237.4	-32%	258.4	-37%	446.2	610.7	-27%
EPS (sen)	2.1	7.4	-71%	10.0	-79%	10.7	12.5	-14%
Core EPS (sen)	2.8	7.6	-63%	14.6	-81%	12.3	18.6	-34%
DPS (sen)	-	-	N.A.	-	N.A.	-	6.0	-100%
NTA/share (RM)	1.19	1.16	+2%	1.39	-14%	1.19	1.39	-14%
EBITDA margin	25%	35%		47%		29%	33%	
EBIT margin	15%	25%		36%		19%	22%	
Pretax margin	8%	17%		19%		11%	10%	
Effective tax rate	62%	21%		-2%		42%	24%	

Source: Company

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Segmental Breakdown								
Segmental Breakdown	3Q25	2Q25	QoQ %	3Q24	YoY %	9MFY25	9MFY24	YoY %
LH - Malaysia	1,995.7	1,781.9	+12%	1,681.1	+19%	5,399.7	5,044.7	+7%
UK & Egypt	546.6	511.2	+7%	538.0	+2%	1,471.2	1,449.2	+2%
USA & Bahamas	774.3	576.0	+34%	472.2	+64%	1,851.6	1,518.4	+22%
Properties	22.3	22.6	-1%	21.0	+6%	69.0	70.2	-2%
Investment & others	18.9	26.8	-29%	36.8	-49%	80.0	101.0	-21%
Group revenue	3,357.8	2,918.5	+15%	2,749.1	+22%	8,871.5	8,183.5	+8%
Segment result:								
LH - Malaysia	627.4	606.3	+3%	493.4	+27%	1,751.9	1,601.8	+9%
UK & Egypt	86.3	70.2	+23%	104.0	-17%	212.0	242.7	-13%
USA & Bahamas	151.2	118.4	+28%	124.2	+22%	388.6	454.3	-14%
Properties	1.8	4.5	-60%	1.5	+20%	13.2	14.6	-10%
Investment & others	(28.6)	230.2	-112%	582.2	+>100%	239.2	416.4	-43%
Group Adjusted EBITDA	838.1	1,029.6	-19%	1,305.3	-36%	2,604.9	2,729.8	-5%
Adjusted EBITDA margin:								
LH - Malaysia	31%	34%		29%		32%	32%	
UK & Egypt	16%	14%		19%		14%	17%	
USA & Bahamas	20%	21%		26%		21%	30%	
Properties	8%	20%		7%		19%	21%	
Investment & others	-151%	859%		1582%		299%	412%	
Group EBITDA margin	25%	35%		47%		29%	33%	

Source: Company

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★			
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★			
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Security Controls	★	★	★	★	
	Responsible Gaming	★	★			
	Digitalisation & Innovation	★	★	★		
	Cybersecurity/Data Privacy	★	★	★	★	
	Energy Efficiency	★	★	★		
	Legal & Regulatory Compliance	★	★	★		
OVERALL		★	★	★		

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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