



GENTING MALAYSIA BERHAD
(58019-U)

PRESS RELEASE

For Immediate Release

**GENTING MALAYSIA BERHAD ANNOUNCES RESULTS FOR THE
SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017**

- **Resorts World Genting (“RWG”) recorded 8% growth in visitation and 96% hotel occupancy rate in 2Q17**
- **Unfavourable foreign exchange translation and higher operating costs impacted Group’s overall performance in 2Q17**

KUALA LUMPUR, 24 August 2017 – Genting Malaysia Berhad (“Group”) today reported its financial results for the second quarter (“2Q17”) and half year ended 30 June 2017 (“1H17”).

In 2Q17, the Group achieved higher revenues of RM2,291.6 million. However, the adjusted earnings before interest, taxation, depreciation and amortisation (“EBITDA”) declined by 19% to RM535.1 million. During the quarter, profit before taxation (“PBT”) and net profit decreased to RM246.8 million and RM173.6 million respectively.

In 1H17, the Group registered marginally higher revenue of RM4,515.4 million. However, adjusted EBITDA and PBT decreased by 1% and 24% to RM1,099.9 million and RM591.1 million respectively compared to the same period last year. Net profit decreased by 23% to RM468.5 million.

2Q17 Results

The Malaysian leisure and hospitality business recorded higher revenue by 7% this quarter to RM1,445.0 million. This was mainly due to an overall higher volume of business, aided significantly by the opening of new attractions at SkyPlaza in March 2017. However, the decline in adjusted EBITDA by 8% to RM434.3 million was largely due to additional operating costs from the ramping up of new facilities under GITP and increased costs associated with the premium players business. This segment was also affected by a lower hold percentage.

Overall, RWG generated visitation growth of 8% in 2Q17. The recent launch of Genting Highlands Premium Outlet and new attractions in SkyPlaza have been well received by visitors. With the additional level in SkyPlaza catering to the mid to premium segment slated to open this year, guests will be able to enjoy a new premier experience at RWG. Our hotel occupancy rate at the resort achieved 96% amidst a higher room inventory in 2Q17.

The Group’s US and Bahamas operations contributed revenue of RM384.9 million, mainly due to a favourable foreign exchange movement and higher revenues from an improved commission structure with the New York state authority for Resorts World Casino New York City (“RWNYC”)’s gaming operations. Adjusted EBITDA was also higher by RM45.0 million as compared to the previous year, mainly driven by higher revenue and narrowing operating losses for the Bimini operations in Bahamas.

The Group's UK operations achieved lower revenue of RM411.2 million and adjusted EBITDA for the quarter, mainly attributable to overall lower volume of business and lower hold percentage from the premium segment of its casino business. The Group's revenue and adjusted EBITDA were also impacted by the unfavourable foreign exchange movement of GBP against RM.

During the quarter, the Group's overall adjusted EBITDA was impacted by a foreign exchange translation loss on its USD denominated assets. Excluding the effects of the foreign exchange, the Group's overall adjusted EBITDA for 2Q17 would have declined by 7% from last year.

1H17 Results

In 1H17, the Group reported higher revenue of RM2,788.9 million for its leisure and hospitality business in Malaysia mainly from overall higher volume of business despite ongoing GITP development works at the resort and a subdued consumer sentiment. The launch of new facilities under GITP since December 2016 was well received and contributed to the increase in revenue. Adjusted EBITDA was lower by 6% to RM871.3 million, primarily due to higher costs incurred in relation to the premium players business and the ramping up of new facilities under GITP.

In the US and Bahamas, the Group achieved higher revenue of RM765.9 million and adjusted EBITDA of RM134.2 million during the period mainly from a favourable foreign exchange movement and improved revenue contribution from RWNYC. In addition, the Group incurred lower operating costs for its Bimini operations as a result of its continued cost rationalisation initiatives, which contributed to the overall increase in adjusted EBITDA.

In the UK, the overall revenue and adjusted EBITDA was affected by unfavourable foreign exchange movement of GBP against RM and lower hold percentage and volume of business from its premium gaming business. The decrease in adjusted EBITDA is mitigated by higher debt recoveries during the period.

The Group has invested in promissory notes amounting to USD347.4 million (or equivalent to RM1.49 billion) as at 30 June 2017, to finance the Mashpee Wampanoag Tribe on the development of an integrated gaming resort in Taunton, Massachusetts, USA. This project has stalled pending further court developments and/or actions by relevant governmental authorities. The Group will work with the Tribe to review all options available and assess the recoverability on its investment as well as its impact to its consolidated earnings and net assets for this financial year.

The Board declared an interim single-tier dividend of 4.00 sen per share. This represents an increase of 33% compared to last year.

Outlook

The global economy is expected to continue on its growth trajectory, driven by improving economic and industrial activity in emerging and developing economies. In Malaysia, economic growth is expected to strengthen, bolstered by robust exports and domestic demand.

The outlook for international tourism continues to be positive. Meanwhile, the operating environment for the regional gaming market continues to recover as gaming operators in Macau and Singapore have recently reported improved performances.

The Group remains cautious on the near term outlook of the leisure and hospitality industry, but remains optimistic on the growth potential of the industry in the longer term.

In Malaysia, the development of GITP at RWG remains the focus of the Group. As the Group continues to ramp up pre-opening activities in preparation for the progressive roll out of the remaining attractions and facilities, the Group remains committed on enhancing service delivery as well as optimising yield management, database marketing efforts and overall operational efficiencies at RWG. Upon completion, these additions are expected to further enhance guest experience and elevate RWG's position as the destination of choice in the region.

In the UK, the Group will continue its efforts to strengthen its position in the non-premium gaming segment of its casino business and further improve business efficiency. As for the international premium gaming segment, the Group remains cautious on the volatility implicit in this business. Resorts World Birmingham has continued to show improvement and plans to introduce new attractions such as virtual reality games are well under way. The Group's online business has also continued to perform better as a result of improvements in product mix and targeted marketing. Nevertheless, the Group remains cautious around its future growth prospects due to the highly competitive nature of the UK online market.

In the US, RWNYC continued its growth path and remains the market leader in terms of gaming revenue in the Northeast US region amid growing regional competition. Recently, RWNYC broke ground on a USD400 million expansion, which includes the construction of a new hotel, F&B outlets, retail and entertainment facilities. This expansion is expected to turn the site into a world-class integrated resort destination. The Group will continue to fortify its direct marketing efforts to encourage increased visitation and frequency of play at the resort. In the Bahamas, the Group will continue its cost rationalisation initiatives in addition to implementing revised marketing strategies to drive increased visitation to the resort.

A summary table of the results is attached below.

GENTING MALAYSIA BERHAD SUMMARY OF RESULTS	INDIVIDUAL QUARTER		Variance		SIX MONTHS ENDED 30 JUNE		Variance	
	2Q2017	2Q2016	2Q17 vs 2Q16		1H2017	1H2016	1H17 vs 1H16	
	RM'Mil	RM'Mil	RM'Mil	%	RM'Mil	RM'Mil	RM'Mil	%
Revenue								
Leisure & Hospitality								
- Malaysia	1,445.0	1,349.1	95.9	7%	2,788.9	2,654.2	134.7	5%
- United Kingdom	411.2	504.2	-93.0	-18%	878.5	1,033.1	-154.6	-15%
- United States of America and Bahamas	384.9	351.6	33.3	9%	765.9	702.0	63.9	9%
	<u>2,241.1</u>	<u>2,204.9</u>	<u>36.2</u>	<u>2%</u>	<u>4,433.3</u>	<u>4,389.3</u>	<u>44.0</u>	<u>1%</u>
Property	30.6	17.8	12.8	72%	50.3	35.6	14.7	41%
Investments & others	19.9	11.9	8.0	67%	31.8	24.0	7.8	33%
	<u>2,291.6</u>	<u>2,234.6</u>	<u>57.0</u>	<u>3%</u>	<u>4,515.4</u>	<u>4,448.9</u>	<u>66.5</u>	<u>1%</u>
Adjusted EBITDA								
Leisure & Hospitality								
- Malaysia	434.3	472.1	-37.8	-8%	871.3	923.6	-52.3	-6%
- United Kingdom	35.7	92.8	-57.1	-62%	113.4	191.5	-78.1	-41%
- United States of America and Bahamas	92.8	47.8	45.0	94%	134.2	67.0	67.2	>100%
	<u>562.8</u>	<u>612.7</u>	<u>-49.9</u>	<u>-8%</u>	<u>1,118.9</u>	<u>1,182.1</u>	<u>-63.2</u>	<u>-5%</u>
Property	20.2	9.2	11.0	>100%	29.5	14.8	14.7	99%
Investments & others	(47.9)	40.3	-88.2	->100%	(48.5)	(90.4)	41.9	46%
	<u>535.1</u>	<u>662.2</u>	<u>-127.1</u>	<u>-19%</u>	<u>1,099.9</u>	<u>1,106.5</u>	<u>-6.6</u>	<u>-1%</u>
Pre-opening expenses	(22.5)	(10.8)	-11.7	->100%	(39.6)	(21.5)	-18.1	-84%
Property, plant and equipment written off	(1.9)	(1.9)	-	-	(2.8)	(3.6)	0.8	22%
Net gain/(Loss) on disposal of property, plant and equipment	0.4	0.1	0.3	>100%	0.6	(6.0)	6.6	>100%
Impairment losses	(36.8)	-	-36.8	NC	(36.8)	(0.2)	-36.6	->100%
Others	(16.9)	-	-16.9	NC	(22.9)	-	-22.9	NC
	<u>457.4</u>	<u>649.6</u>	<u>-192.2</u>	<u>-30%</u>	<u>998.4</u>	<u>1,075.2</u>	<u>-76.8</u>	<u>-7%</u>
EBITDA								
Depreciation and amortisation	(253.3)	(177.7)	-75.6	-43%	(501.6)	(365.8)	-135.8	-37%
Interest income	73.5	60.7	12.8	21%	144.2	99.6	44.6	45%
Finance costs	(30.8)	(20.5)	-10.3	-50%	(49.9)	(34.8)	-15.1	-43%
	<u>246.8</u>	<u>512.1</u>	<u>-265.3</u>	<u>-52%</u>	<u>591.1</u>	<u>774.2</u>	<u>-183.1</u>	<u>-24%</u>
Profit before taxation								
Taxation	(73.2)	(46.8)	-26.4	-56%	(122.6)	(164.8)	42.2	26%
	<u>173.6</u>	<u>465.3</u>	<u>-291.7</u>	<u>-63%</u>	<u>468.5</u>	<u>609.4</u>	<u>-140.9</u>	<u>-23%</u>
Profit for the financial period								
Basic earnings per share (sen)	3.42	8.42	-5.0	-59%	9.13	11.28	-2.2	-19%
Diluted earnings per share (sen)	3.41	8.41	-5.0	-59%	9.12	11.27	-2.2	-19%

NC : Not comparable

About Genting Malaysia

Genting Malaysia is one of the leading leisure and hospitality corporations in the world. Listed on Bursa Malaysia with approximately RM34 billion in market capitalisation, Genting Malaysia owns and operates major properties including Resorts World Genting, Resorts World Casino New York City, Resorts World Bimini, Resorts World Birmingham and other casinos in the United Kingdom.

Resorts World Genting (“RWG”) is a premier leisure and entertainment resort in Malaysia. It is equipped with over 10,000 rooms spread across 7 hotels, theme parks and entertainment attractions, dining and retail outlets, international shows and business convention facilities. The Group has embarked on a 10-year master plan to reinvigorate and transform Resorts World Genting under the Genting Integrated Tourism Plan (“GITP”). Genting Malaysia has introduced various new facilities and attractions under the GITP, which includes the new Hotel on the Park, First World Hotel Tower 3, the new Awana SkyWay cable car system and the initial phase of the SkyAvenue lifestyle mall and SkyPlaza. The recent opening of the Genting Highlands Premium Outlet (a property of Genting Simon Sdn Bhd, a joint venture between Genting Plantations Berhad and Simon Property Group) also complements the new and existing offerings at RWG. Meanwhile, the indoor theme park and retail outlets in First World Plaza are currently closed for a complete makeover. Other attractions and facilities under the GITP, which includes the world’s first Twentieth Century Fox World theme park, are expected to unfold from next year onwards.

In Malaysia, Genting Malaysia also owns and operates Resorts World Kijal in Terengganu and Resorts World Langkawi on Langkawi island.

In the United Kingdom, Genting Malaysia is one of the largest casino operators with 43 operating casinos. It operates 6 casinos in London and 37 casinos in the UK provinces as well as an online operation to provide customers a seamless multi-channel experience. Genting Malaysia also operates Resorts World Birmingham, the first integrated leisure complex in the UK, offering gaming and entertainment facilities, retail and dining outlets and a 178-room four-star hotel.

In the United States of America, Genting Malaysia operates Resorts World Casino New York City, the first and only video gaming machine facility in New York City, at the site of Aqueduct Racetrack. As a premier entertainment hub, Resorts World Casino New York City offers the ultimate gaming and entertainment experience, with electronic gaming machines, shows, events and culinary delights.

In the Bahamas, the Group operates Resorts World Bimini, which features a casino, villas, other accommodations, restaurants and bars, resort amenities and the largest yacht and marina complex in the Bahamas.

Genting Malaysia is a member of the Genting Group, one of Asia’s leading and best-managed multinationals. The Genting Group is led by Tan Sri Lim Kok Thay, a visionary entrepreneur who has established Resorts World branded properties in Malaysia, Singapore, the Philippines, the United States, the Bahamas and the United Kingdom, as well as spearheading global investments in oil palm plantations, power generation, oil & gas, property development, cruise, biotechnology and other industries.

For more information, visit <http://www.gentingmalaysia.com> or contact ir.genm@genting.com.

For information on the major properties of Genting Malaysia

Resorts World Genting, visit www.rwgenting.com

Genting Casinos UK Limited, visit www.gentingcasinos.co.uk

Resorts World Casino New York City, visit www.rwnewyork.com

Resorts World Birmingham, visit www.resortsworldbirmingham.co.uk

Resorts World Bimini, visit www.rwbimini.com

~ END OF RELEASE ~