

Investor Presentation | Asia Pacific

Asia Gaming: Widest Outcomes Possible for Macau, ASEAN Recovery in Progress

We provide a review of recent developments, key themes, stock picks and ESG of developments, key themes, stock picks and ESG of Macau and ASEAN Gaming.

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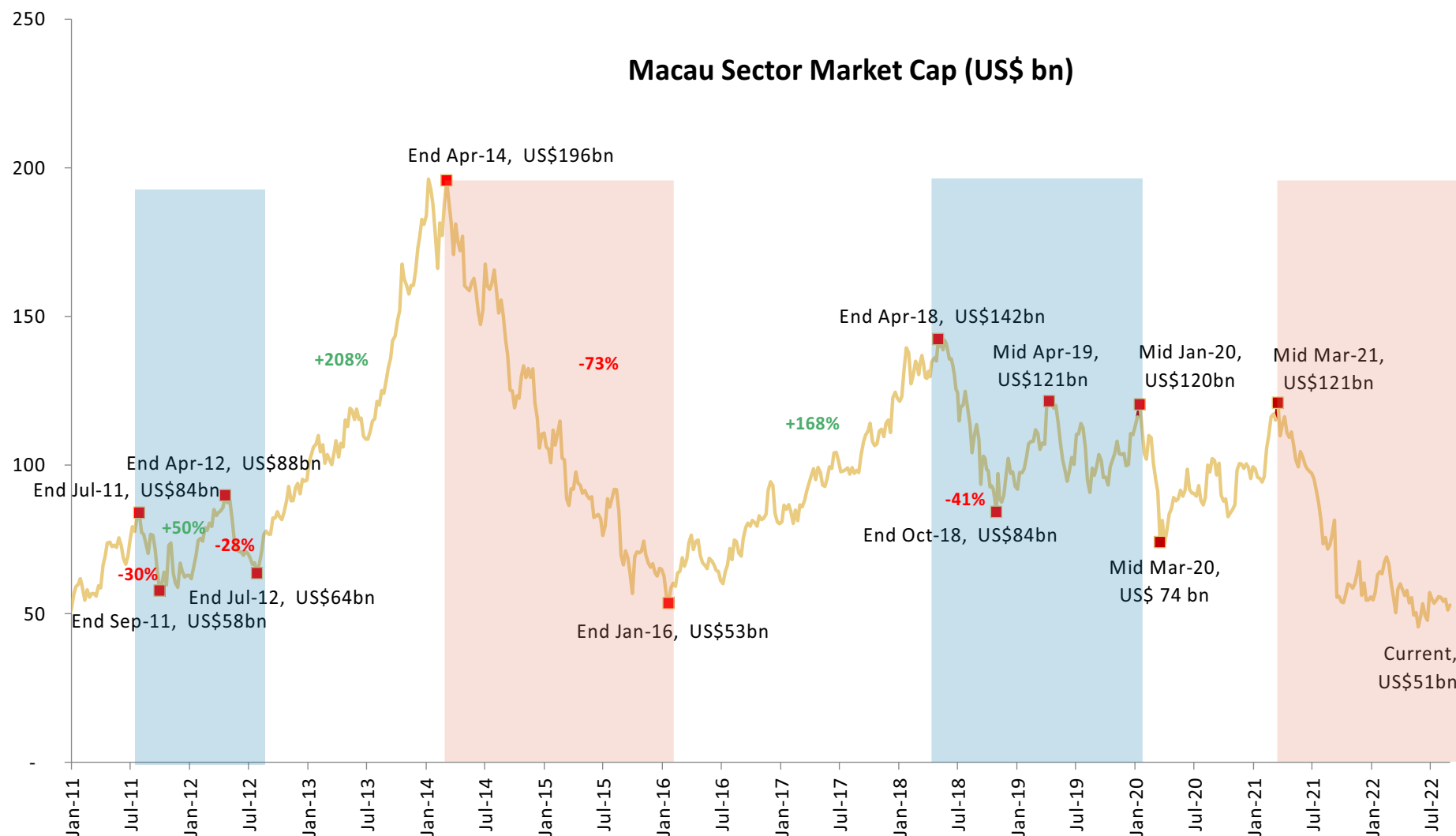
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Pulse Check on Macau

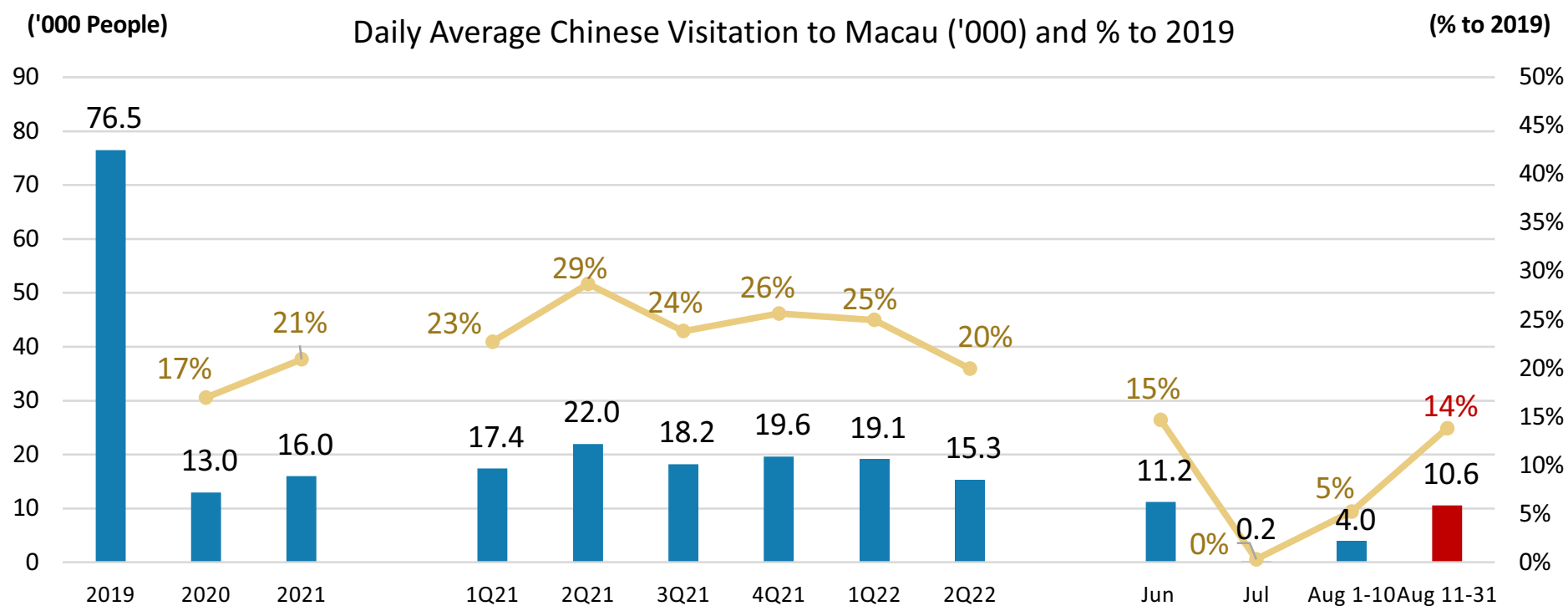
Where We Are in the Cycle – Macau Market Cap Movement since 2011



Source: Refinitiv as of Aug 31, 2022, Morgan Stanley Research estimates

Macau: Still Reeling Under COVID

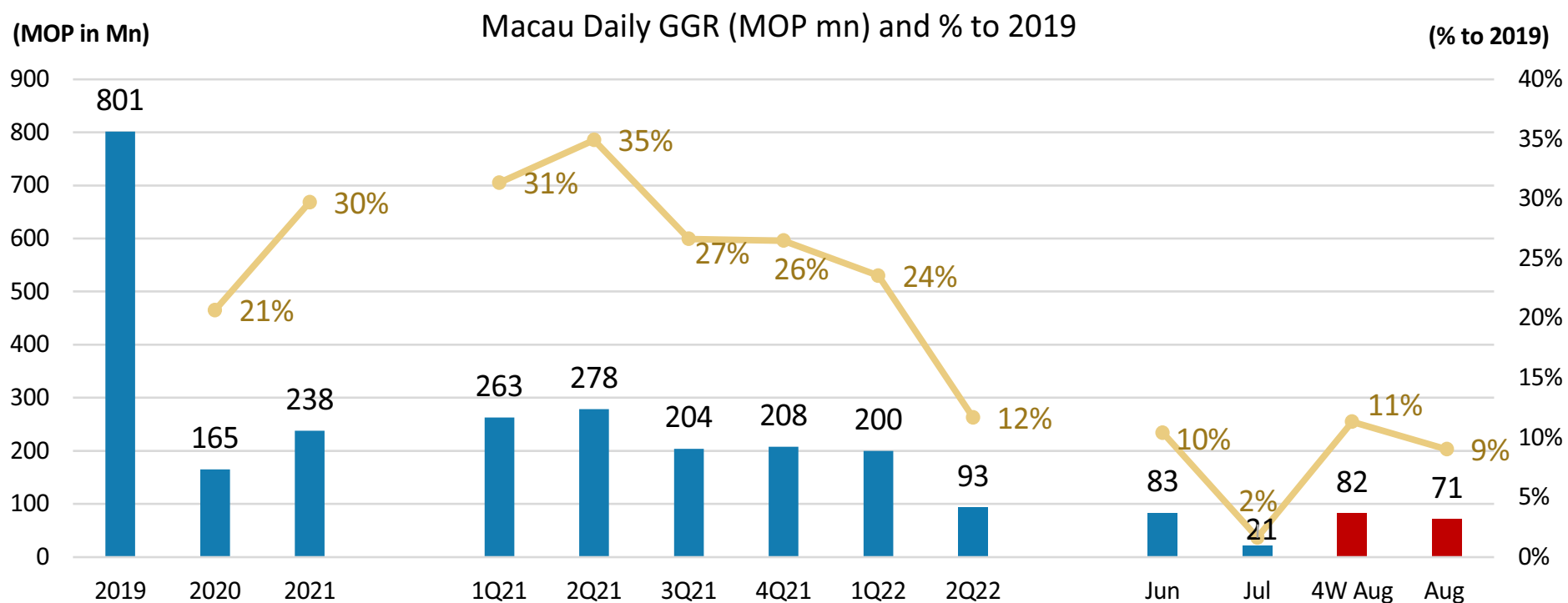
Chinese Visitation tracks at 11K/14% of 2019 as Mainland/HK border remains closed and e-IVS visas suspended



Source: DSEC, Macau government press brief, Morgan Stanley Research

Macau: Still Reeling Under COVID

Macau GGR tracked at MOP82mn/11% of 2019 during the last week of August

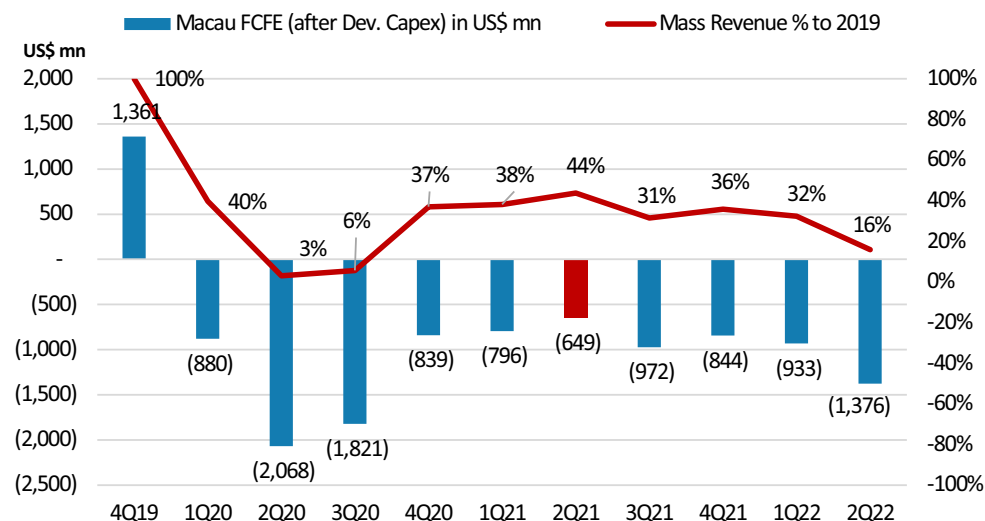
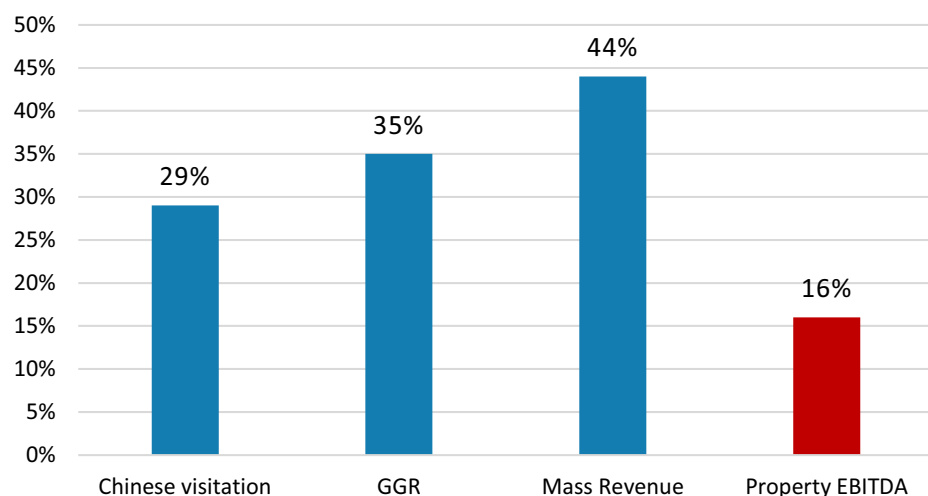


Source: DICJ, Morgan Stanley Research (e) estimates

Macau: Best Quarter Was 2Q21 Under Sporadic Covid Spikes

In 2Q21, Macau made US\$0.4bn EBITDA in 2Q21 (16% of 2019), yet, the sector still lost US\$650m FCFE

Macau 2Q21 % to 2019

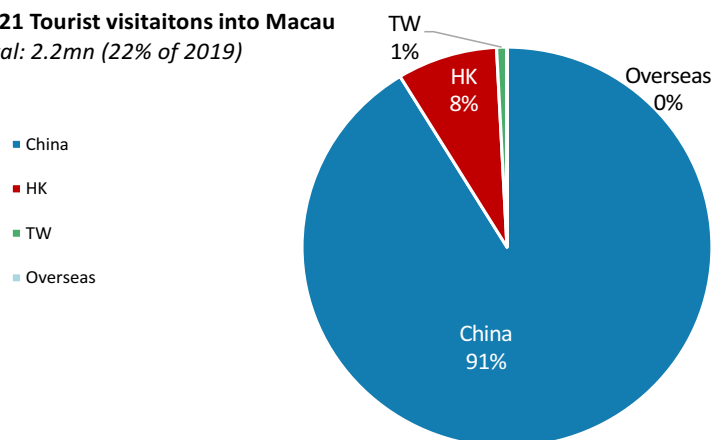


Source: DICJ, DSEC, Company Data, Morgan Stanley Research

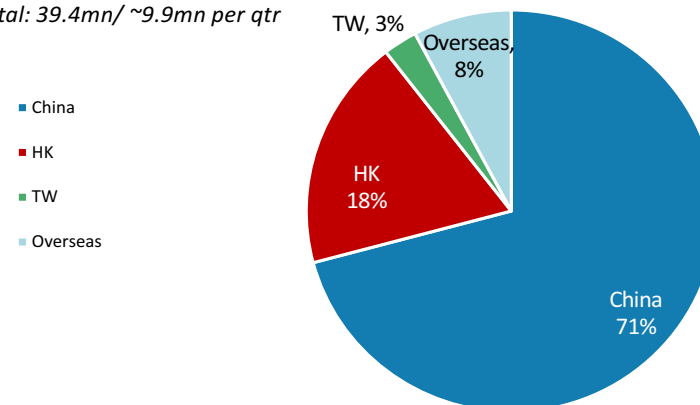
Macau: Best Quarter Was 2Q21 Under Sporadic COVID Spikes

Visitation by nationalities/provinces: Overseas is non-existent; GD becomes bigger part of Chinese visitation

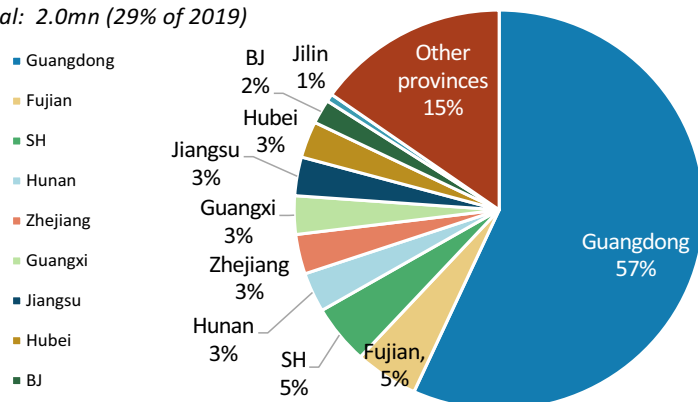
2Q21 Tourist visitations into Macau
Total: 2.2mn (22% of 2019)



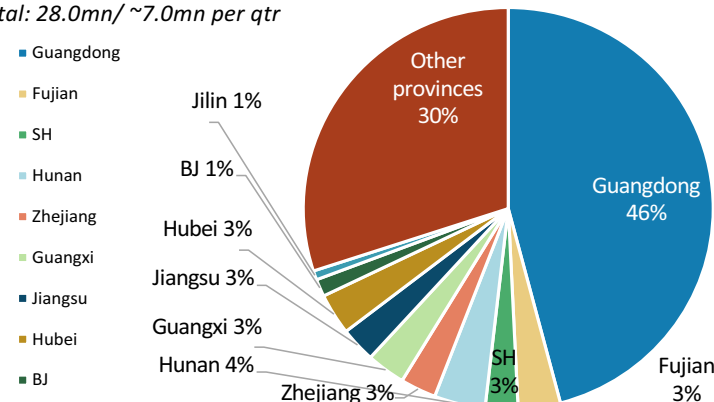
2019 Tourist visitations into Macau
Total: 39.4mn/ ~9.9mn per qtr



2Q21 Chinese visitations into Macau by Provinces
Total: 2.0mn (29% of 2019)



2019 Chinese visitations into Macau by Provinces
Total: 28.0mn/ ~7.0mn per qtr



Source: DSEC, Morgan Stanley Research

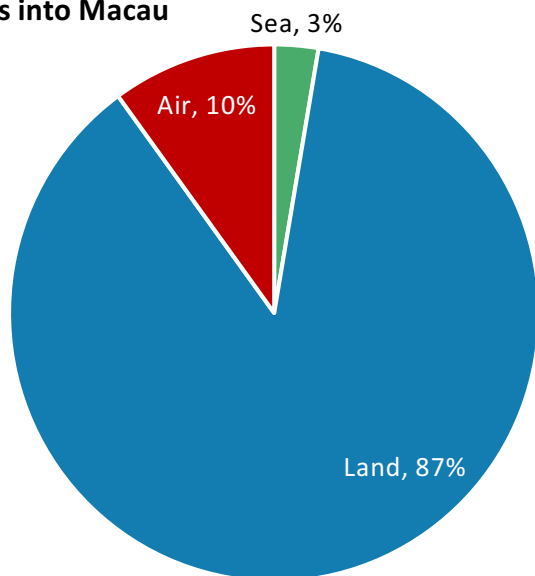
Macau: Best Quarter Was 2Q21 Under Sporadic Covid Spikes

Visitation by ports of entry: The split is almost identical vs. pre-Covid, but air arrivals recover the most, coinciding with faster recovery in premium mass segment

2Q21 Chinese tourist visitations into Macau

Sea: 54K (14% of 2019)
Land: 1,744K (30% of 2019)
Air: 200K (34% of 2019)

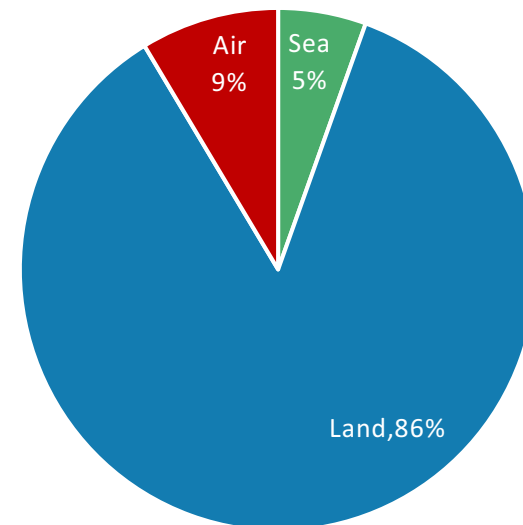
■ Sea ■ Land ■ Air



2019 Chinese tourist visitations into Macau

Sea: 1.5mn/ ~0.4mn per qtr
Land: 24mn/ ~6.0mn per qtr
Air: 2.4mn/ ~0.6mn per qtr

■ Sea ■ Land ■ Air



Macau Liquidity Is Worsening; FCFE Was Negative Even in the Best Quarter in 2Q21

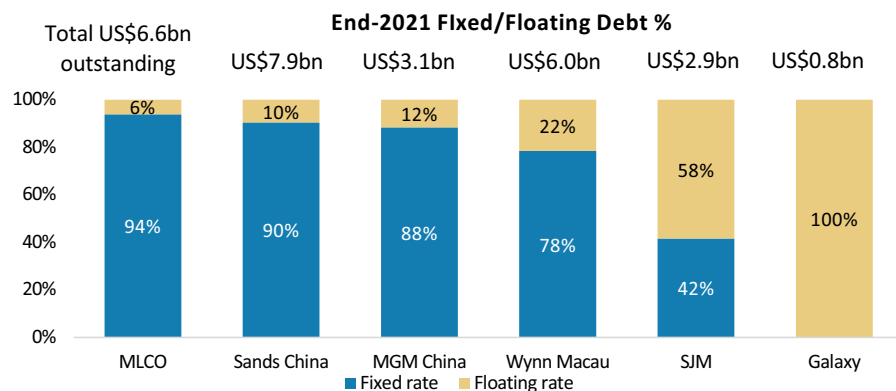
- Cash and liquidity of each operator will support 2Q22 run rate at >12 months even setting aside MOP5bn potentially for new concessions. It will be even better on 2Q21 run rate.
- Yet, FCFE has been negative every quarter since COVID.

US\$ mn	Cash/ Liquidity Available:		Cash Burnrate:			# of months (incl. Dev. Capex):					
	Cash (end-2Q22)	Undrawn Liquidity (end-2Q22)	Recurring FCFE in 2Q21	Recurring FCFE in 2Q22	Dev. Capex per qtr in 2022	On 2Q21 Runrate			On 2Q22 Runrate		
						On Cash + Liquidity	On Cash Only	Cash + Liquidity Excl. MOP5bn	On Cash + Liquidity	On Cash Only	Cash + Liquidity Excl. MOP5bn
Galaxy	3,742	NA	161	(39)	(233)	156	156	130	41	41	34
Wynn Macau	1,110	712	(18)	(180)	-	302	184	198	30	18	20
MGM China	885	495	(50)	(126)	-	83	53	45	33	21	18
MLCO	1,646	1,148	(79)	(188)	(163)	35	20	27	24	14	19
Sands China	1,781	1,037	(10)	(248)	(56)	128	81	99	28	18	22
SJM	955	465	(102)	(139)	(40)	30	20	17	24	16	13

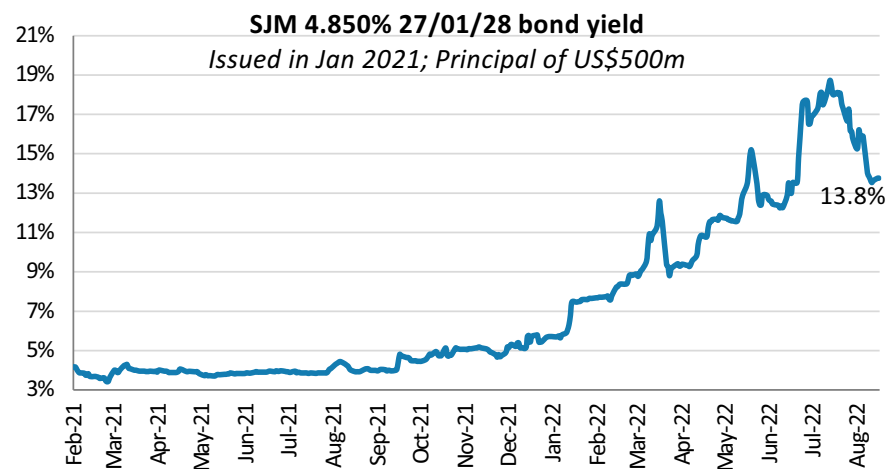
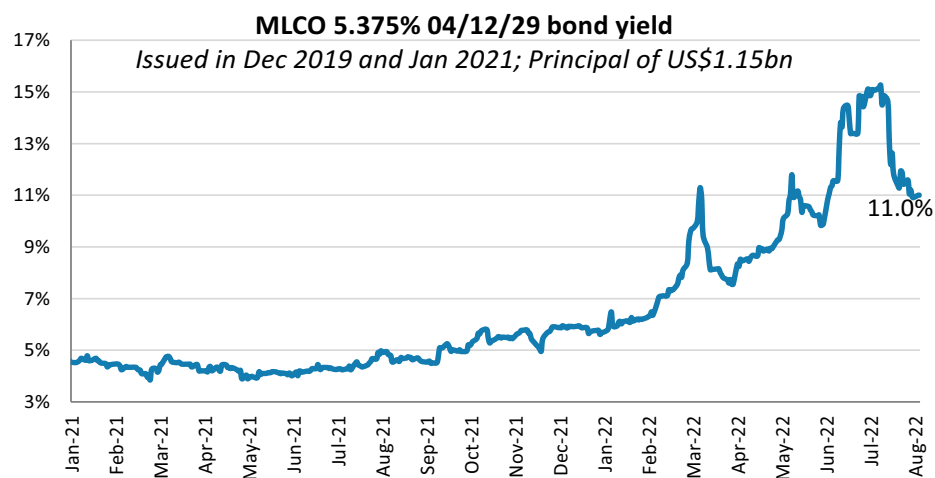
FCFE (US\$ mn)	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	% to 2Q19
Galaxy	546	63	(151)	(105)	147	126	161	84	132	85	(39)	(7%)
Sands China	635	(62)	(428)	(377)	(96)	(39)	(10)	(110)	(57)	(149)	(248)	(41%)
MLCO (incl. Manila)	238	(59)	(295)	(224)	(83)	(129)	(79)	(123)	(97)	(92)	(188)	(67%)
Wynn Macau	250	(60)	(263)	(196)	(64)	(61)	(18)	(90)	(102)	(101)	(180)	(77%)
MGM China	116	(77)	(171)	(157)	(19)	(54)	(50)	(57)	(45)	(72)	(126)	(119%)
SJM (excl. Satellite)	126	(44)	(119)	(122)	(83)	(87)	(102)	(125)	(122)	(111)	(139)	(133%)
Macau Total	1,913	(239)	(1,427)	(1,180)	(198)	(245)	(97)	(420)	(292)	(441)	(920)	(48%)

Source: Company Data, Morgan Stanley Research

Yet, Bond Yield Is Calming



Operators	Earliest maturing bonds		
	Month	Years	Amounts (US\$ mn)
MGM China	May	2024	750
Wynn Macau	Sept	2024	600
Sands China	Aug	2025	1,800
MLCO (excl. MSC)	Jun	2025	987
MSC	July	2025	500
SJM	Jan	2026	700
Galaxy		Nil	Nil



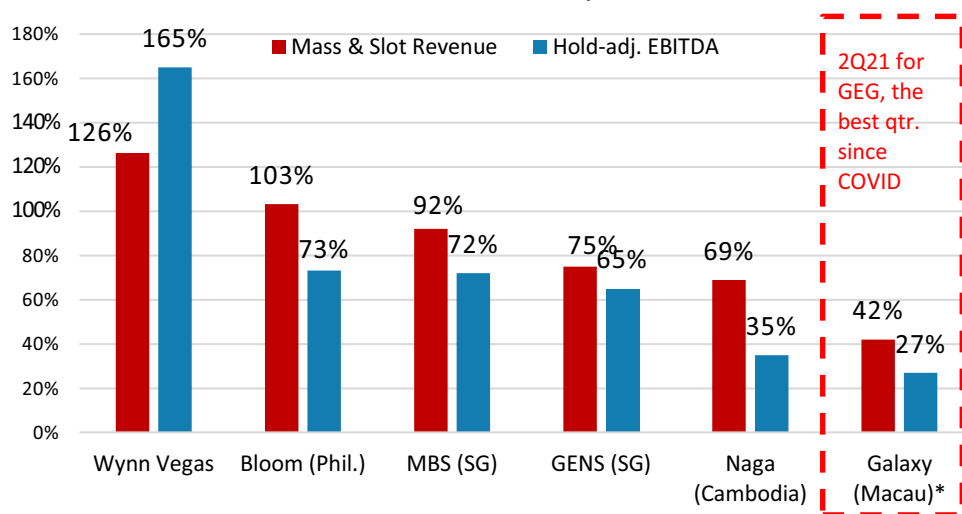
Source: Refinitiv as of Aug 31, 2022, Company Data, Morgan Stanley Research

ASEAN > Macau

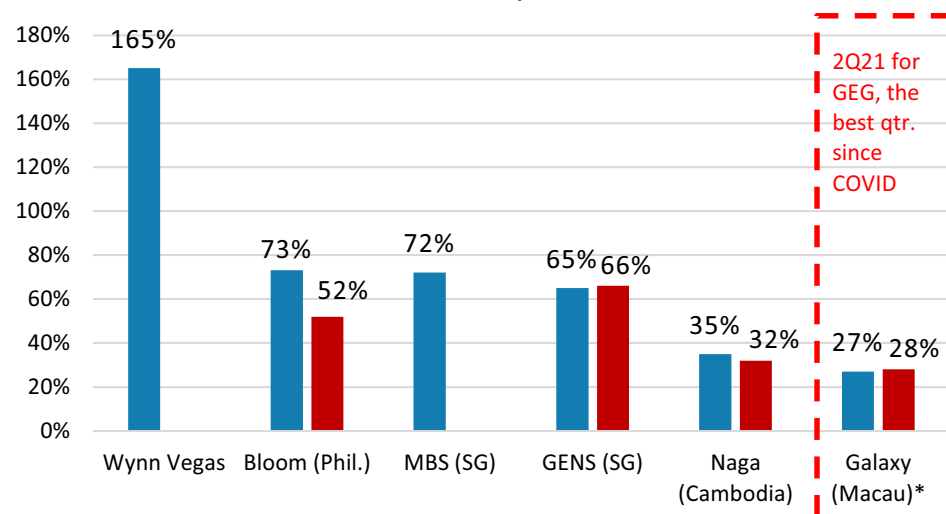
ASEAN > Macau on Reopening

- Strong demand in the US is positive for ASEAN.
- Even the best quarter for Macau (2Q21) is far behind other markets.
- Galaxy was the only operator making positive FCFE in 2Q21.

Mass+Slot Rev. and EBITDA Recovery: 2Q22 as % to 2Q19



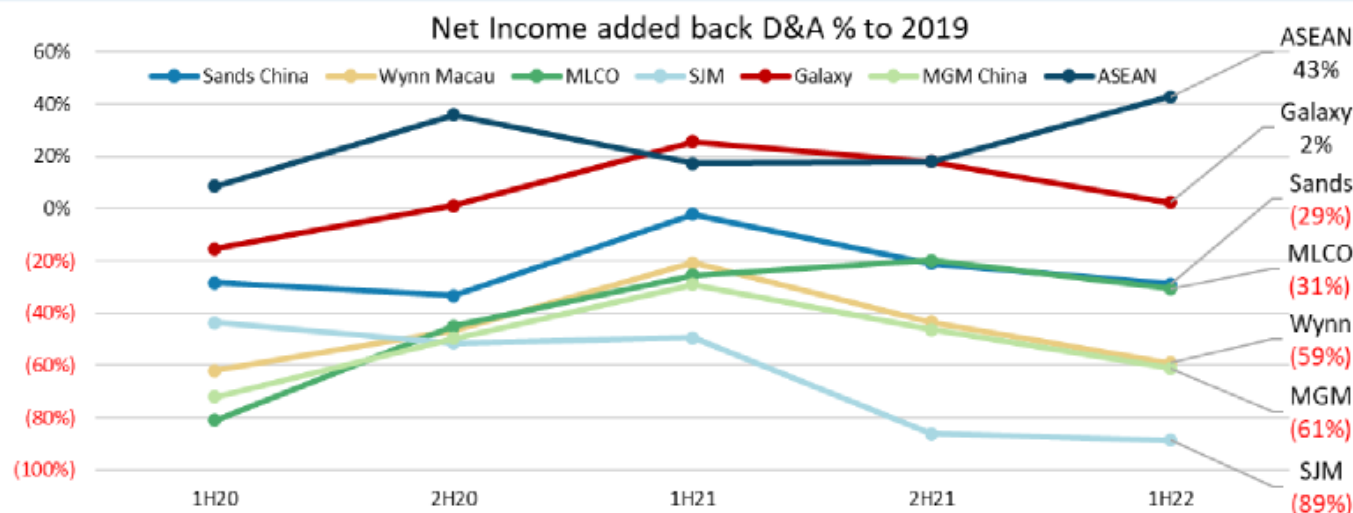
EBITDA and FCFE Recovery: 2Q22 as % to 2Q19



*Galaxy is using 2Q21 numbers
Source: DICJ, Company Data, Morgan Stanley Research

ASEAN > Macau on Reopening

- Net Income + D&A as a proxy for operational CF.
- Macau was –US\$1.2bn in 1H22 (-31% of 2019) while ASEAN is +US\$360m (43% of 2019)

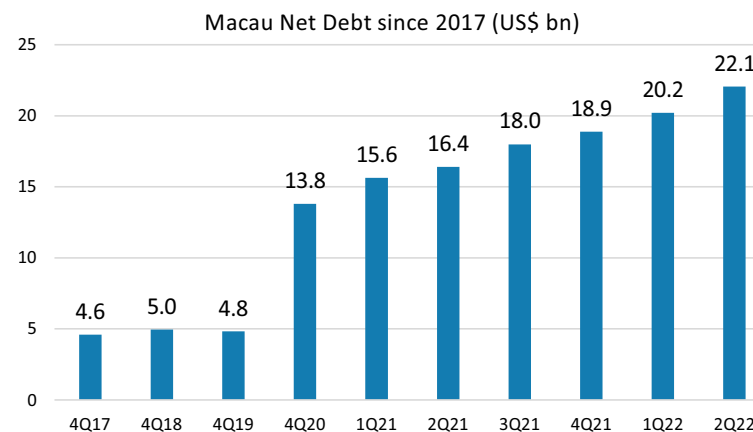
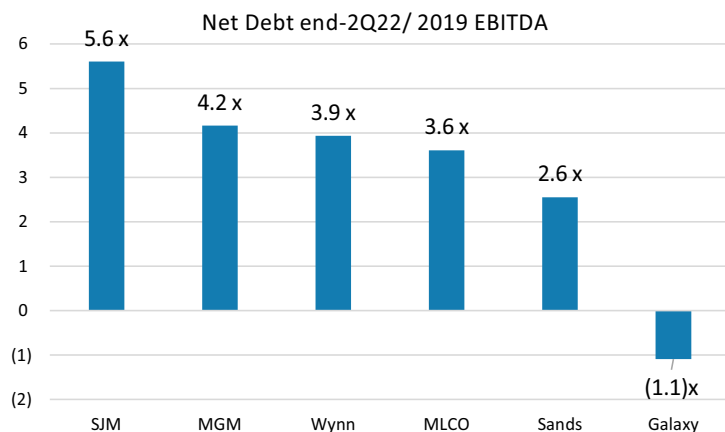


US\$ in mn		2019	1H20	2H20	1H21	2H21	1H22
Macau	Net Income	5,384	(2,874)	(2,418)	(1,367)	(2,018)	(2,429)
	D&A	(2,647)	(1,264)	(1,223)	(1,152)	(1,230)	(1,182)
	Net Income + D&A	8,031	(1,610)	(1,195)	(216)	(788)	(1,247)
	% to 2019/2		(40%)	(30%)	(5%)	(20%)	(31%)
ASEAN	Net Income	1,218	(129)	115	(51)	(45)	162
	D&A	(457)	(201)	(186)	(196)	(196)	(197)
	Net Income + D&A	1,675	72	301	145	151	359
	% to 2019/2		9%	36%	17%	18%	43%

Source: Company Data, Morgan Stanley Research

ASEAN > Macau on Gearing Ratios

Macau has US\$22.1bn net debt end-2Q22 (4.6x of end-2019). This is 2.4x of 2019 EBITDA.



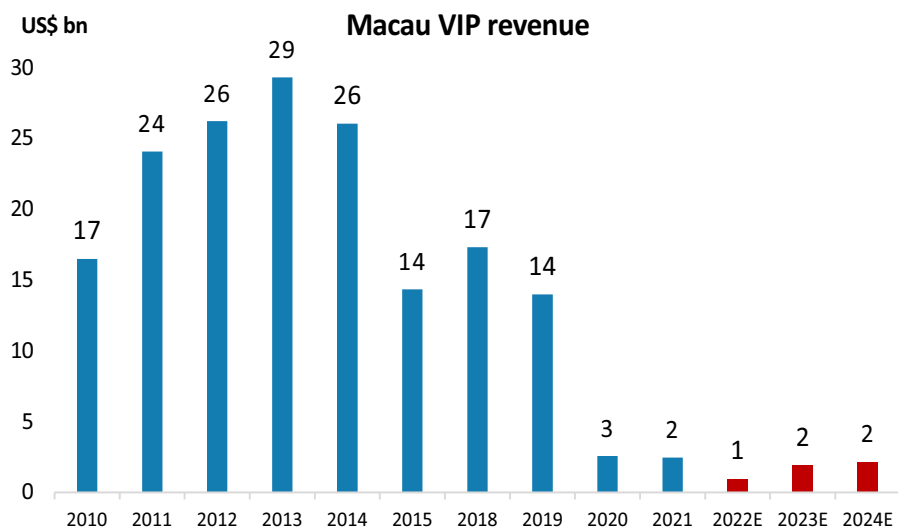
Net debt (cash) in US\$ mn								Net debt/		2019 EBITDA
	4Q19	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	QOQ %	
SJM	(32)	1,615	1,817	2,023	2,272	2,481	2,718	3,047	12%	5.6 x
Sands China	3,005	6,069	6,500	6,578	7,071	7,324	7,511	7,761	3%	2.6 x
MLCO (Consolidated)	2,912	3,890	4,220	4,344	4,636	4,907	5,174	5,679	10%	3.6 x
MGM China	1,726	2,455	2,610	2,669	2,669	2,730	2,873	3,028	5%	4.2 x
Wynn Macau	3,150	3,920	4,160	4,220	4,470	4,470	4,680	4,860	4%	3.9 x
Galaxy (ex WYNN stake)	(5,934)	(4,149)	(3,673)	(3,431)	(3,126)	(3,033)	(2,739)	(2,317)	(15%)	(1.1)x
Total	4,828	13,799	15,634	16,403	17,992	18,878	20,217	22,058	9%	2.4 x

Source: Company Data, Morgan Stanley Research

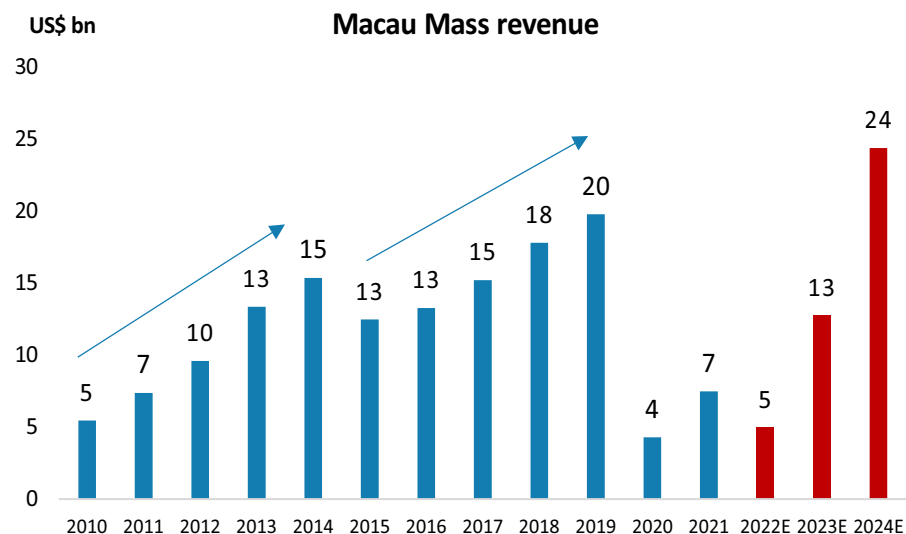
We Still Like Macau in the Long Run

How Will Macau Look in the Post-Covid World?

- VIP may never get back to the pre-Covid levels, but mass revenue could get back to/exceed that.
- The new gaming law caps total number of tables in Macau at 6K since Janust 1, 2023 (vs. +3% growth cap p.a. from 2012 to 2022)



Number of tables: ~1,100
2019 win/table/day: ~\$28,000
2019 growth: (19)%
Margins: 10-15%



Number of tables: ~5,100
2019 win/table/day: ~\$10,500
2019 growth: +11%
Margins: 35-40%

Source: Company Data, Morgan Stanley Research (E) estimates

How Will Macau Look in the Post-Covid World?

- We expect 2024e EBITDA (normalized travel) to be above 2019 level.
- Yet, we are significantly below the consensus for 2022e and 2023e.

(US\$ mn)	2017	2018	2019	2020	2021	2022E	2023E	2024E
Annual Property EBITDA								
Sands China	2,608	3,081	3,189	(431)	338	(112)	1,429	3,448
Galaxy	1,930	2,292	2,253	(25)	546	198	1,088	2,617
Wynn Macau	1,288	1,579	1,375	(236)	95	(146)	438	1,321
MLCO (Macau)	1,187	1,209	1,412	(135)	145	(148)	411	1,532
MGM China	592	624	797	(177)	24	(95)	250	789
SJM	395	467	525	(217)	(298)	(314)	63	663
Total	8,001	9,251	9,551	(1,221)	850	(617)	3,679	10,369
<i>Growth YoY</i>	26%	16%	3%	(113%)	170%	(173%)	(697%)	182%
<i>% to 2019 Level</i>				(13%)	9%	(6%)	38%	108%

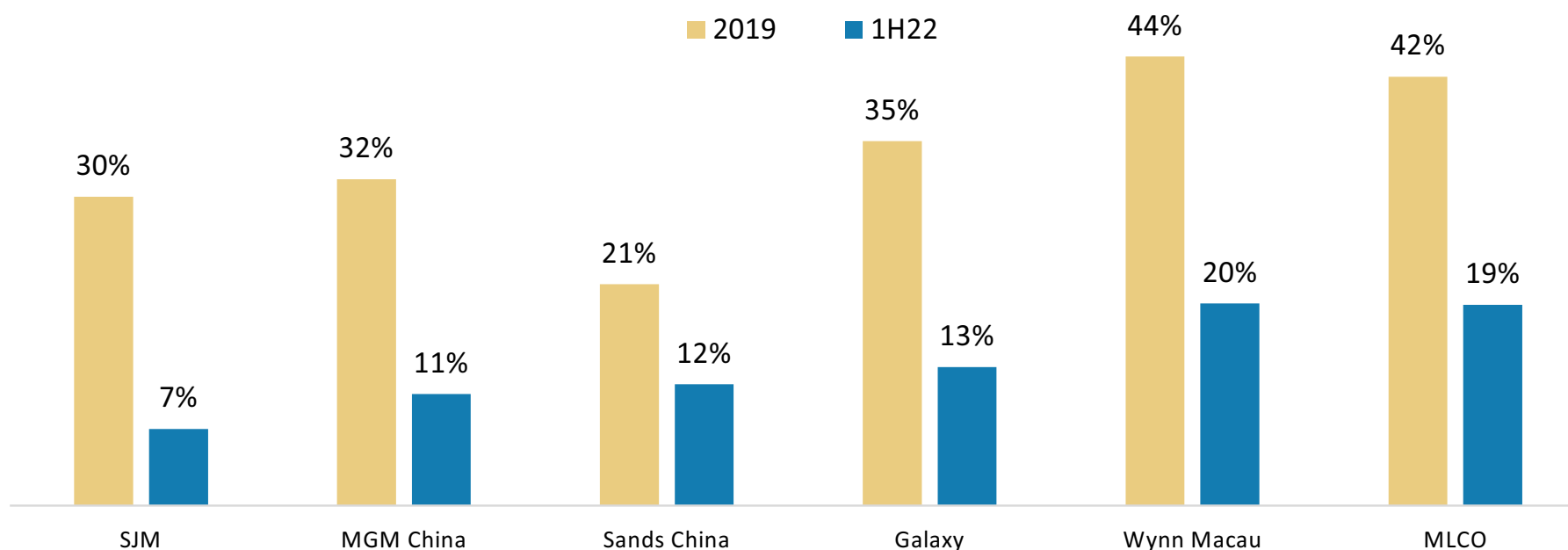
	2019A	2020A	2021A	2022e			2023e			2024e		
				Mse	Consensus	% Var	Mse	Consensus	% Var	Mse	Consensus	% Var
Corporate EBITDA (in mn)												
Sands China (US\$)	3,043	(473)	273	(165)	339	NM	1,334	1,857	(28%)	3,297	2,806	17%
Galaxy (HK\$)	16,479	(1,020)	3,369	734	1,929	(62%)	7,485	11,054	(32%)	19,329	15,979	21%
Wynn Macau (HK\$)	9,568	(2,064)	384	(1,353)	(696)	95%	2,858	4,596	(38%)	9,326	7,448	25%
MLCO (US\$)	1,574	(176)	165	11	162	(93%)	658	939	(30%)	1,804	1,482	22%
MGM China (HK\$)	5,633	(1,585)	(101)	(975)	(84)	1,055%	1,619	3,027	(47%)	5,621	4,802	17%
SJM (HK\$)	4,213	(2,250)	(2,574)	(2,966)	(1,803)	65%	489	2,720	(82%)	5,223	5,082	3%
Total (US\$)	9,249	(1,542)	577	(742)	417	NM	3,599	5,556	(36%)	10,198	8,586	19%

Source: Company Data, Morgan Stanley Research (e) estimates

VIP Revenue Is Already Much Smaller to GGR in 1H22 vs. 2019

Hold Adj. VIP revenue as % of GGR - 2019 vs. 1H22

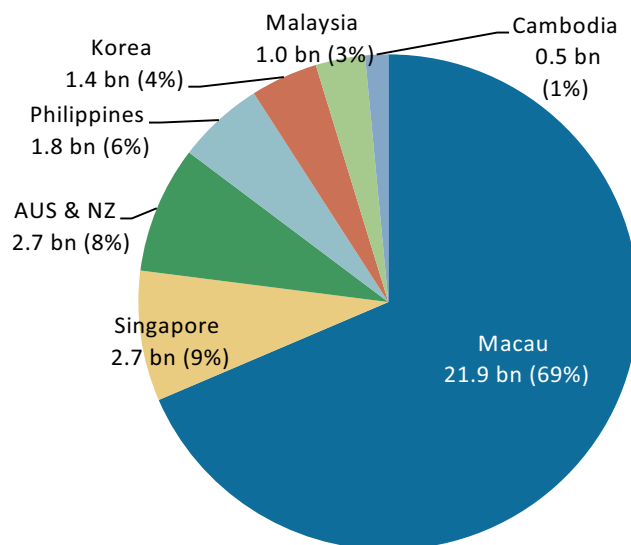
2019 1H22



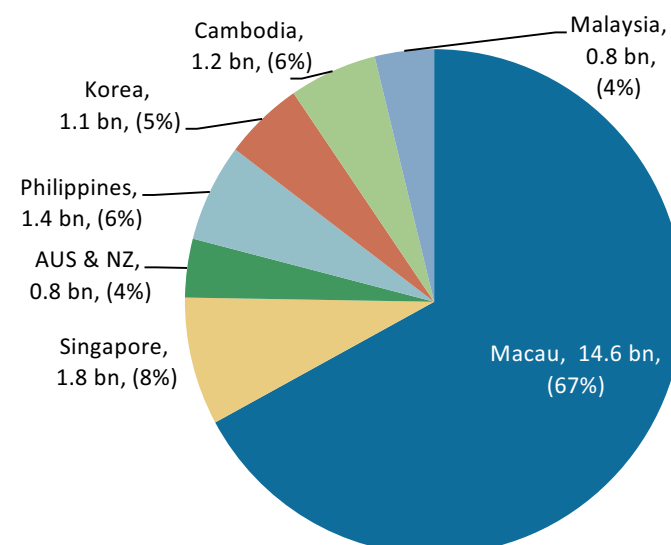
Note: Hold-adjusted VIP revenue is based on reported VIP rolling volume and the theoretical win rate of 2.85%.
Source: Morgan Stanley Research estimates

APAC GGR Market Share Post-Covid: Macau VIP Share Could Shrink, but Mass Share Should Be Intact

**APAC Mass
Revenue of
US\$32bn
in 2019**



**APAC VIP
Revenue of
US\$22bn in
2019**



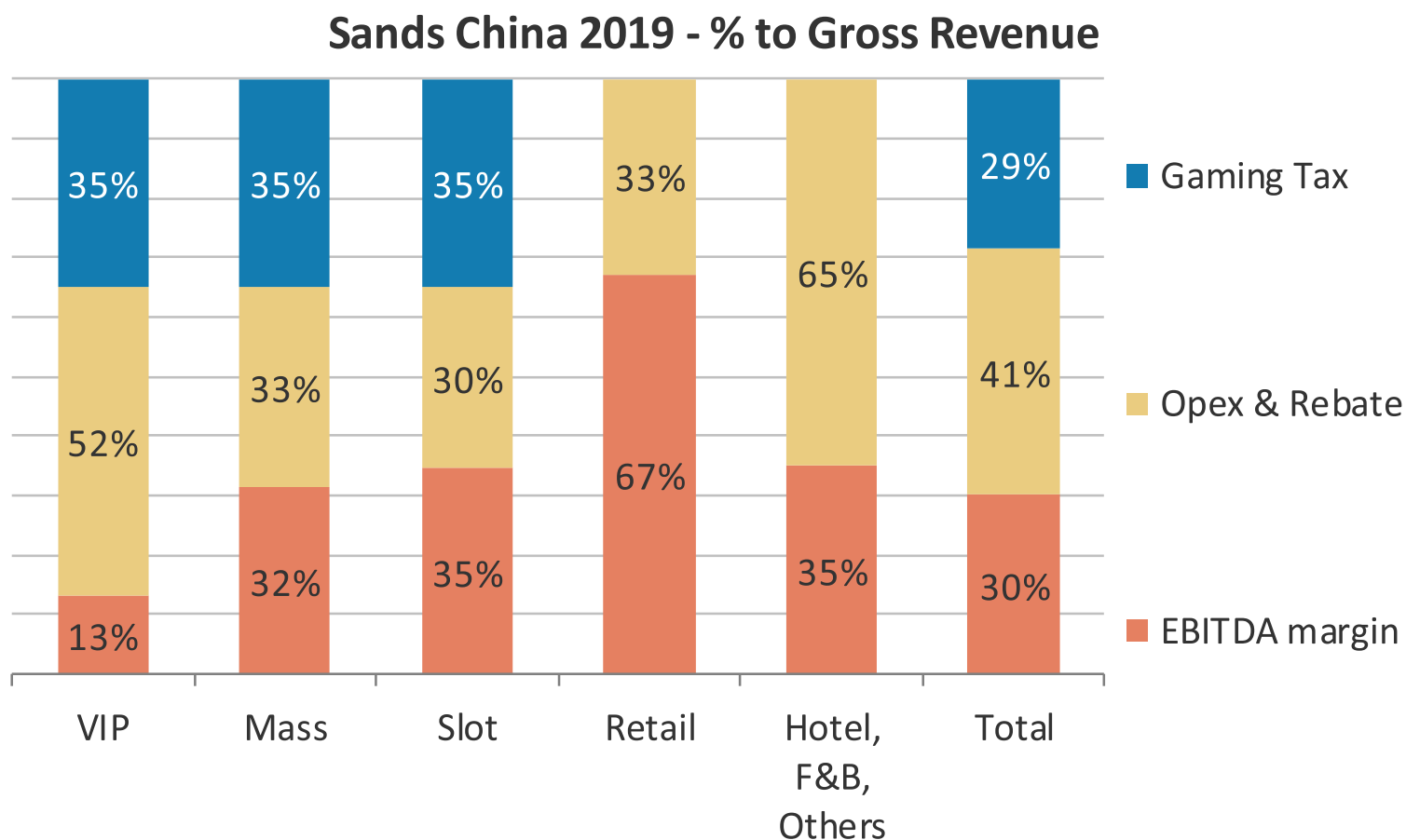
Note: Philippines numbers include Manila Integrated Resorts only.
Source: Company data, Morgan Stanley Research

How May Future Multiples and Earnings Look?

Future Multiples	Future Earnings
(+) Mass centric: Higher overall EBITDA margin, More stable revenue and earnings	(+) Mass revenue always comes back stronger than the previous peak
(+) Concession term for 10 (+3) years	(+) Strong pent-up demand (e.g., US and ASEAN)
(-) Higher gearing ratio: US\$22bn net debt end-1H22 (30% of EV, 2.4x of 2019 EBITDA) vs. US\$5bn net debt end-2019 (8% of EV on today market cap)	(-) Very limited VIP revenue going forward
(-) ESG mandate of investment funds	(-) Gaming tax increased from 39% to 40%
(-) Lower trading volume	(-) Minimum gaming tax
	(-) ASEAN Competitions
	(?) Premium mass – Will it be affected by China economic slowdown and Common Prosperity?
	(?) Table and slot number caps for Macau
	(?) Lease expenses to govt. – nominal or real?
	(?) 5% gaming tax reduction for overseas revenue

Source: Company Data, Morgan Stanley Research

Pre-Covid Margin Structure of Macau Operators



Source: Company data, Morgan Stanley Research estimates

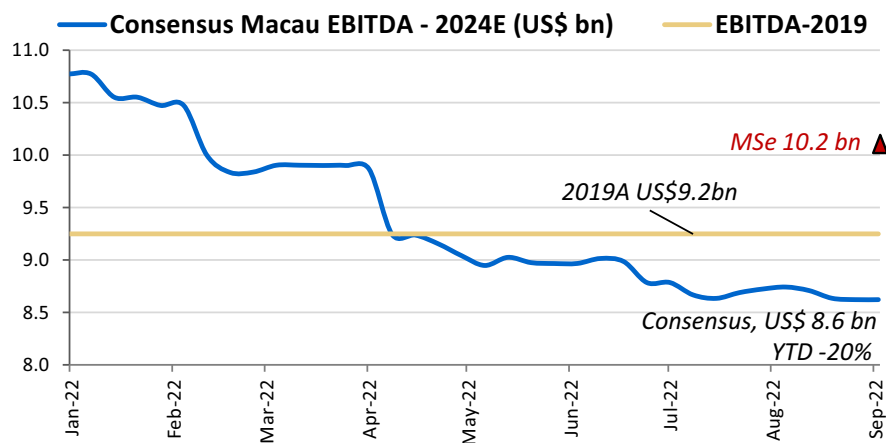
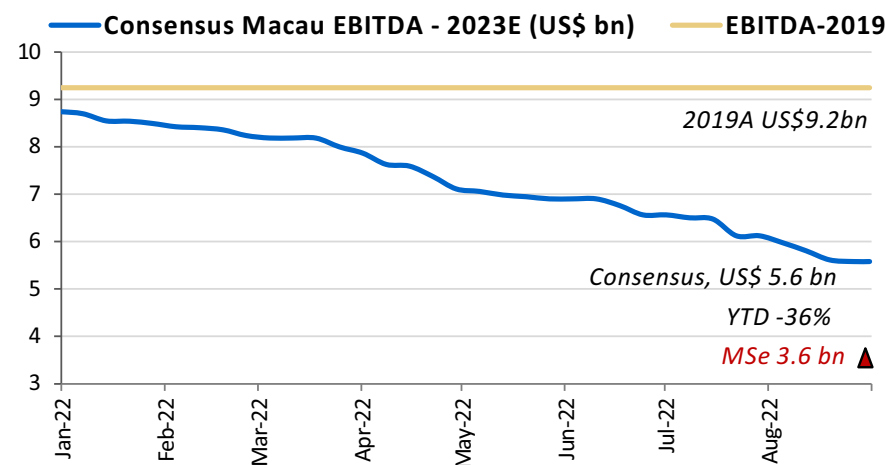
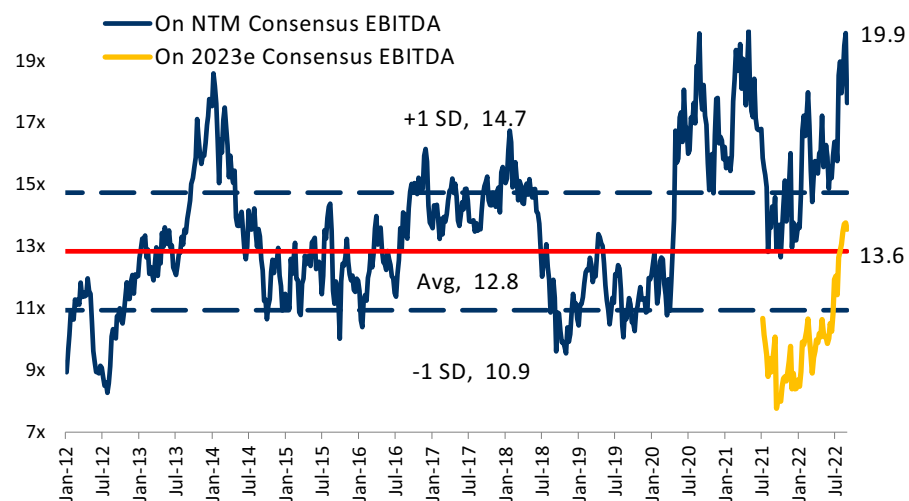
Macau Has Significant Valuation Upside When Travel Reopens

- EV is 30% higher than pre-Covid on today's market cap.
- On 12.5x long-term average EV/EBITDA, Macau market cap will be 20% below pre-Covid level even when EBITDA is back to 2019's US\$9.2bn (still 82% upside vs. current market cap).
- On 7.0% long-term average FCFE yield, Macau market cap will have 110% upside to current level.

Valuation	2024e FCFE US\$ mn	Target Yield %	Implied Value US\$ mn	Implied Value per share Local ccy	Stock price Up/downside %
Melco Resorts (US\$)	786	8.0%	9,825	20.5	271%
Wynn Macau (HK\$)	785	8.0%	9,808	14.5	206%
SJM (HK\$)	506	8.0%	6,326	7.0	155%
MGM China (HK\$)	429	8.0%	5,365	11.0	170%
Sands China (HK\$)	2,693	7.0%	38,473	37.0	109%
Galaxy (HK\$)	2,492	6.0%	41,535	74.0	68%
Total	7,691	6.9%	111,331		110%

Source: Company Data, Refinitiv as of Aug 31, 2022, Morgan Stanley Research (e) estimates

Downside Risks: Negative Earnings Revision, Prolonged Travel Restrictions



Source: Company Data, Refinitiv as of Aug 31, 2022, Morgan Stanley Research

Macau – What to Watch in the Next 12 Months?

(1) Gaming Concession Re-tendering: Timeline

- 1. Submission of Request-for-Proposal (RFP):** July 29-September 14
- 2. Individual negotiations between Macau and concession contenders:** September 14-October (MS estimate)
 - Formation of final details and specifics of the new concession -- e.g., committed investment size, number of tables and slots permitted, etc.
- 3. Announcement of provisional winners:** October/November 2022 (MS estimate)
 - Details of the concessions may be known to the public.
 - Provisional winners have to then provide proof to Macau that the LicenseCo has at least MOP5bn cash.
- 4. CE confirmed the six new concessionaires:** End-2022 (MS estimate)

(1) Gaming Concession Re-tendering: Required Content for RFP

All details need to be quantified by contenders:

- Proposal on gaming investment in Macau, relevant experience of operating casinos and minimum number of tables and slots committed to operate.
- Proposals to diversify Macau and make Macau an international leisure centre on 11 areas:
 - (1) Attracting Overseas Customers** -- e.g., via regular events, building/improving infrastructure to increase overseas tourists as % to total visitation to Macau.
 - (2) MICE** -- e.g., expanding/improving existing conference centers size and quality, hosting corporate summits for MNCs regularly, cooperation with GBA cities.
 - (3) Entertainment** -- e.g., regularly hosting international entertainment shows, inviting internationally well-known celebrities to perform in Macau, musical festivals, concerts, carnivals, etc.
 - (4) Sports events** -- e.g., regional events/competitions (even including e-sports)
 - (5) Arts and Cultural** -- e.g., regularly hosting world-renowned exhibitions on arts, luxuries, etc.
 - (6) Health-centric travel:** Chinese medicine, cosmetics, spa
 - (7) Themed entertainment:** Building international brands and entertainment venues/attractions.
 - (8) Food:** Broadening F&B offerings, attract internationally well-known restaurants.
 - (9) Community travel** leveraging on local historical attractions.
 - (10) Sea travel near Macau
 - (11) Others: Promoting innovation/scientific development of Macau.

(1) Gaming Concession Re-tendering: Potential Impact on ROIC

Increased investment in non-gaming elements could further reduce ROIC

Casino	Company	Opening Date	Capex	Number of rooms	2019 Property EBITDA	ROIC based on 2019 EBITDA
Macau Operating Casinos			US\$ mn		US\$ mn	%
Sands Macao	Sands	May-04	365	290	175	48%
Venetian Macao	Sands	Aug-07	2,820	2,905	1,407	50%
Plaza Casino Macao	Sands	Aug-08	1,233	379	345	28%
Cotai Central	Sands	Apr-12	4,600	6,123	726	16%
Parisian	Sands	Sep-16	2,900	2,541	544	19%
StarWorld	Galaxy	Oct-06	434	509	452	104%
Galaxy Macau Phase 1 + 2	Galaxy	May-11, May-15	4,594	3,600	1,631	36%
Wynn Macau	Wynn	Sep-06	2,310	1,065	649	28%
Wynn Palace	Wynn	Aug-16	4,400	1,828	730	17%
Grand Lisboa	SJM	Feb-07	625	413	301	48%
MGM Macau	MGM	Dec-07	1,250	582	493	39%
MGM Cotai	MGM	Feb-18	3,432	1,390	305	9%
City of Dreams + Morpheus	MLCO	Jun-09, Jun-18	3,812	2,183	923	24%
Studio City	MLCO	Oct-15	3,250	1,748	415	13%

Source: Company Data, Morgan Stanley Research

(2) CCP 20th National Congress: What Happened in the 19th National Congress (October 18-24, 2017) Five Years Ago?

Leadership Changes

- 5 new member added to Politburo Standing Committee

- | | | |
|---------------|------------|-----------|
| • Xi Jinping | Li Zhanshu | Han Zheng |
| • Li Keqiang | Wang Yang | |
| • Wang Huning | Zhao Leji | |

Revisions to the Party Constitution

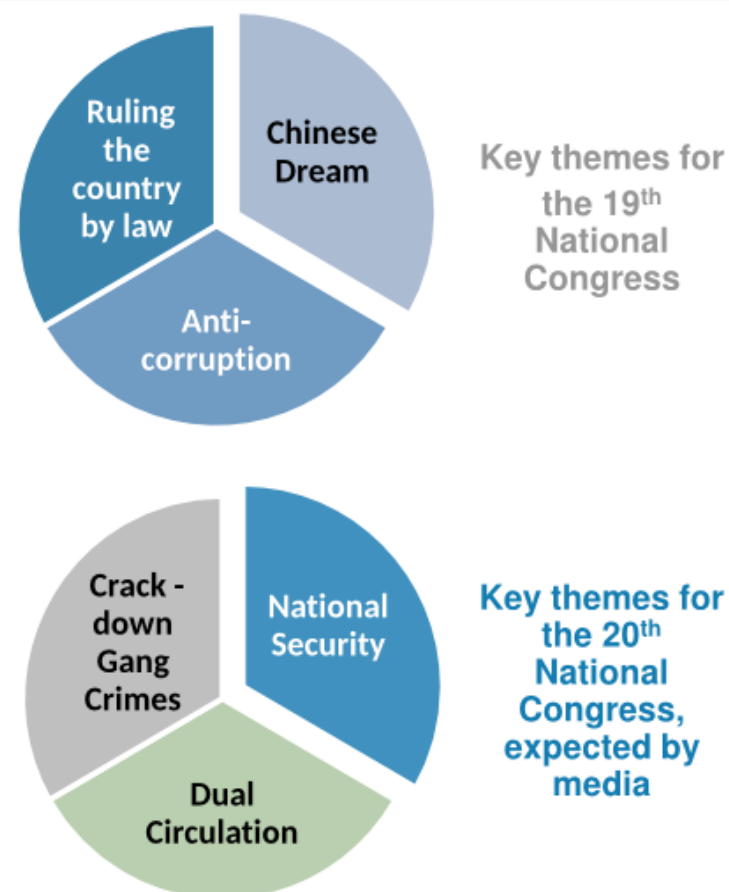
- Incorporation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era in the Constitution
- Xi became the first leader since Deng Xiaoping to append his name into the Party's ideology

New scaled down Central Military Commission

- Solidified Xi's military thinking and the Party's "absolute" leadership over the armed forces

(2) CCP 20th National Congress: What to Expect from the Upcoming CCP Congress? (October 16, 2022-)

Decision on future five-year strategic mission and major development topic;
Review of the progress of the 14th Five-Year Plan (2021-25)



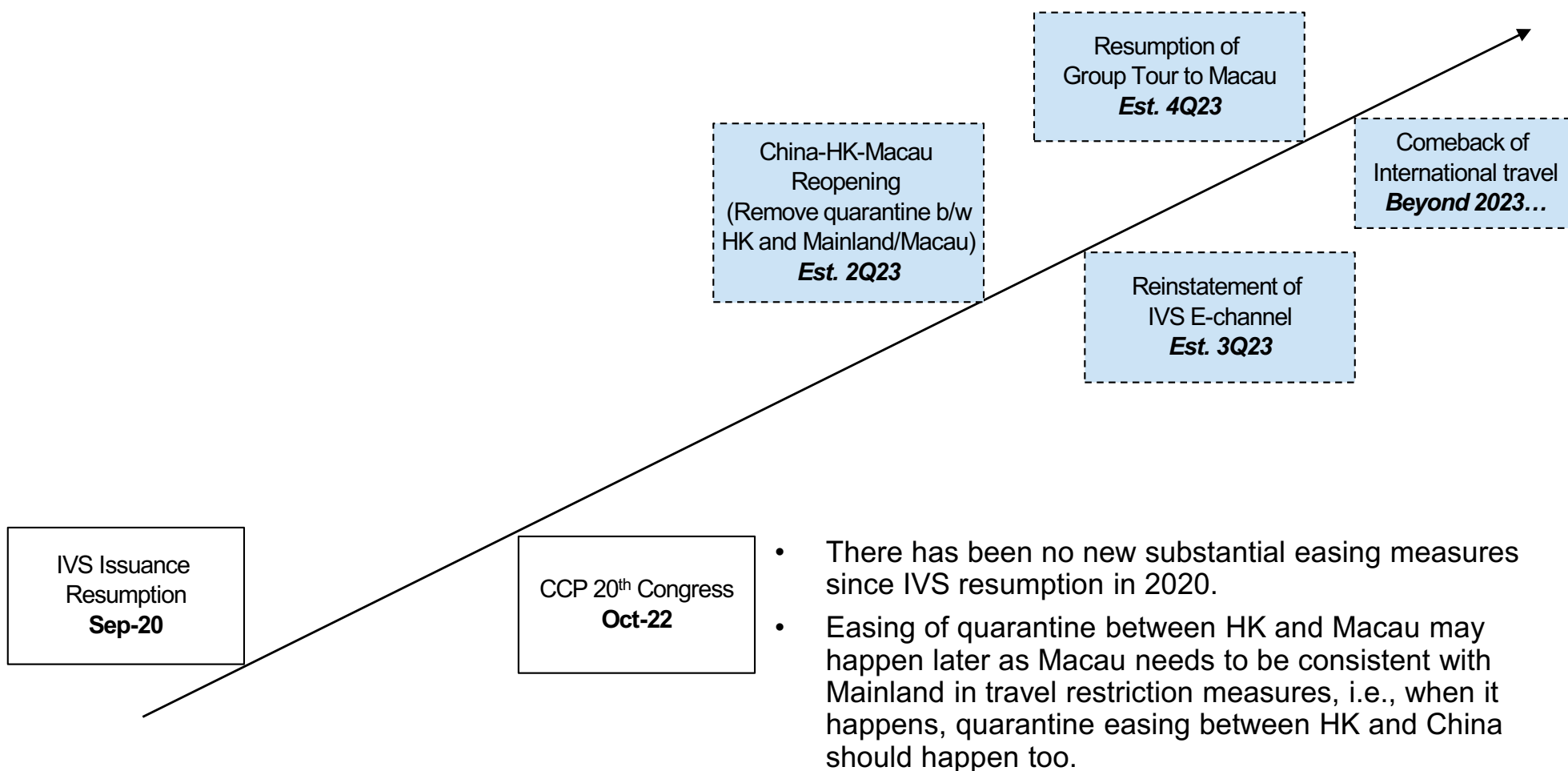
Source: Morgan Stanley Research

(3) Travel Reopening – Current Status

Mainland China traveling to	Foreign Regions and HK, TW traveling to	Macau traveling to
<div>Mainland China – Risk Area<ul style="list-style-type: none">• High risk: 7-days hotel quarantine;• Mid risk: 7-days home quarantine;</div>	<div>Mainland China<ul style="list-style-type: none">• 7-days hotel quarantine + 3-days home monitoring;• Covid test per airport requirement</div>	<div>Mainland China<ul style="list-style-type: none">• 24-hour Covid test</div>
<div>Hong Kong<ul style="list-style-type: none">• 72-hours Covid test (Prior Appointment required)</div>	<div>Hong Kong<ul style="list-style-type: none">• 7-days hotel quarantine + 3-days home monitoring;• 48-hours Covid test before boarding</div>	<div>Hong Kong<ul style="list-style-type: none">• 72-hours Covid test (prior appointment required)</div>
<div>Macau<ul style="list-style-type: none">• 48-hours Covid test</div>	<div>Macau<ul style="list-style-type: none">• 7-days hotel quarantine + 3-days home monitoring;• 24-hours Covid test before boarding</div>	

Source: Morgan Stanley Research

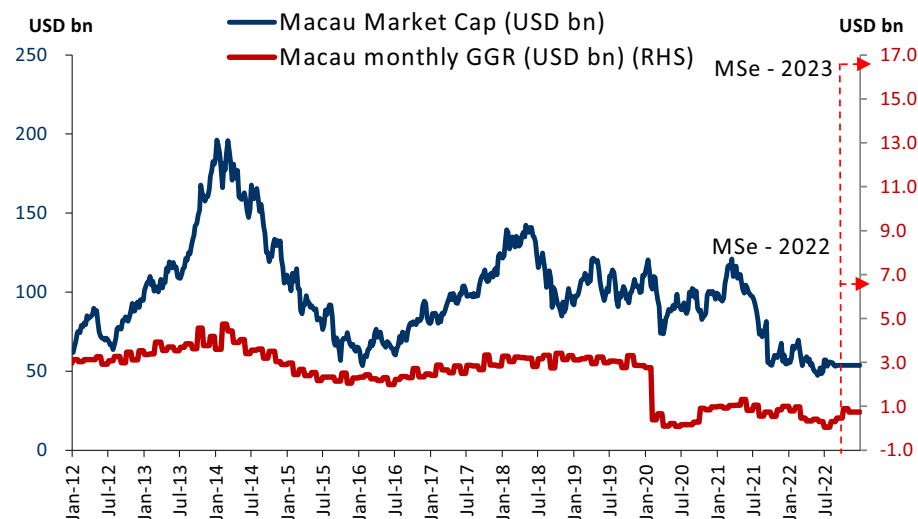
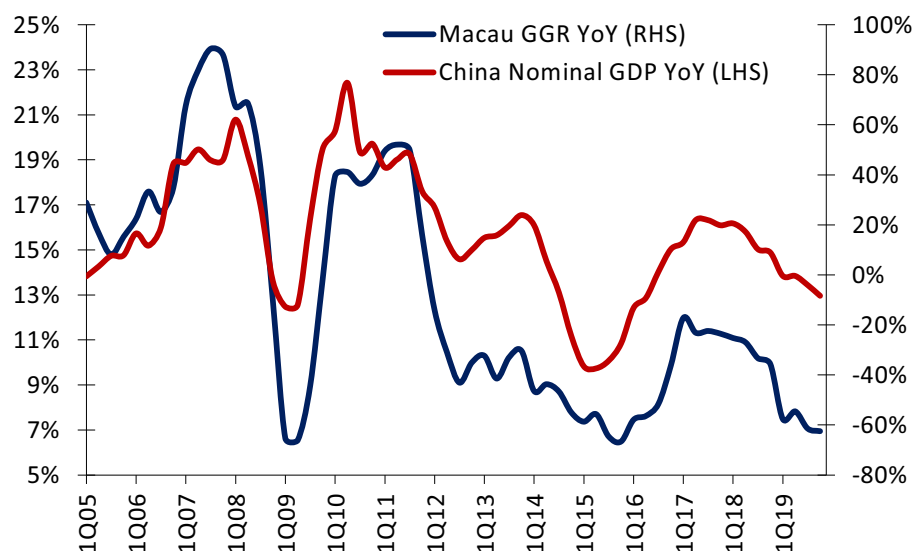
(3) Travel Reopening – Roadblocks to Full Reopening in Macau



Source: Morgan Stanley Research estimates

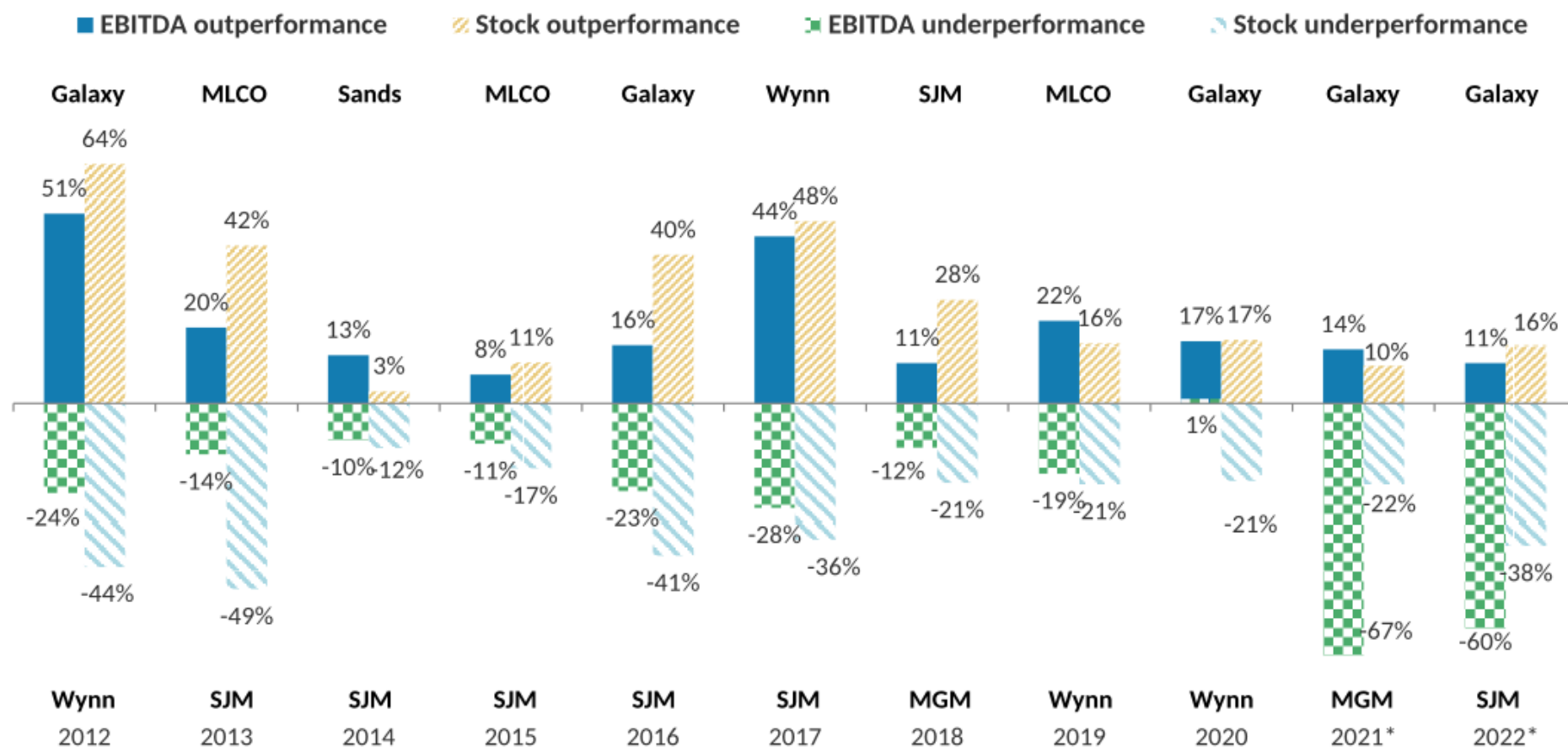
Stock Picks

Macro Drivers for the Industry: Stocks Follow GGR, which Follows Nominal GGR



Source: CEIC, DICJ, Refinitiv as of Aug 31, 2022, Morgan Stanley Research

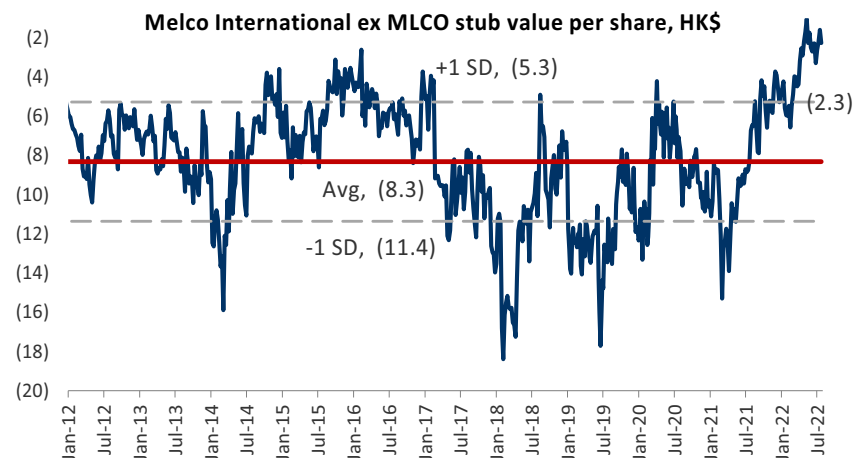
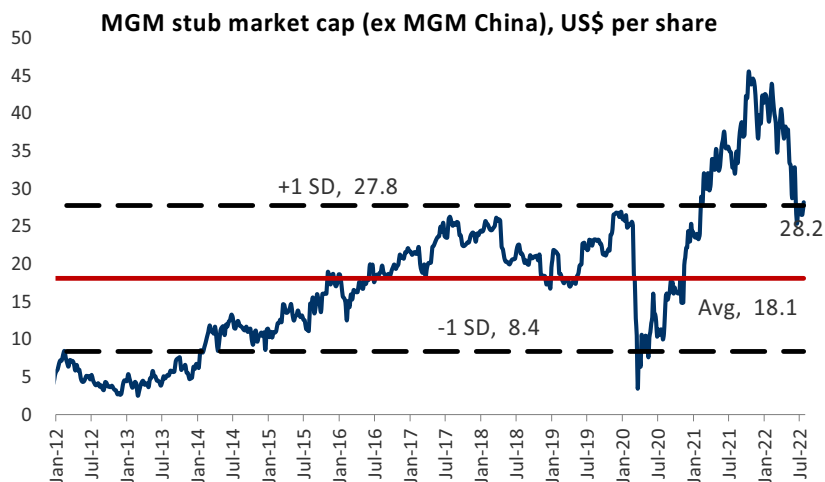
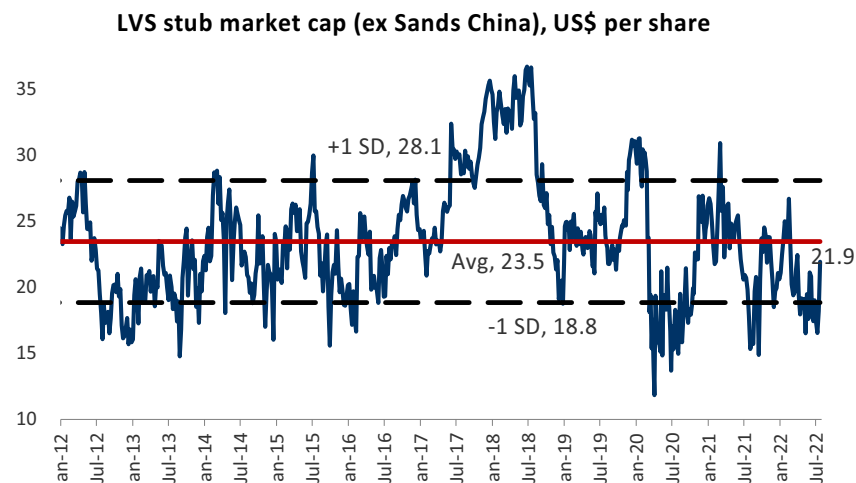
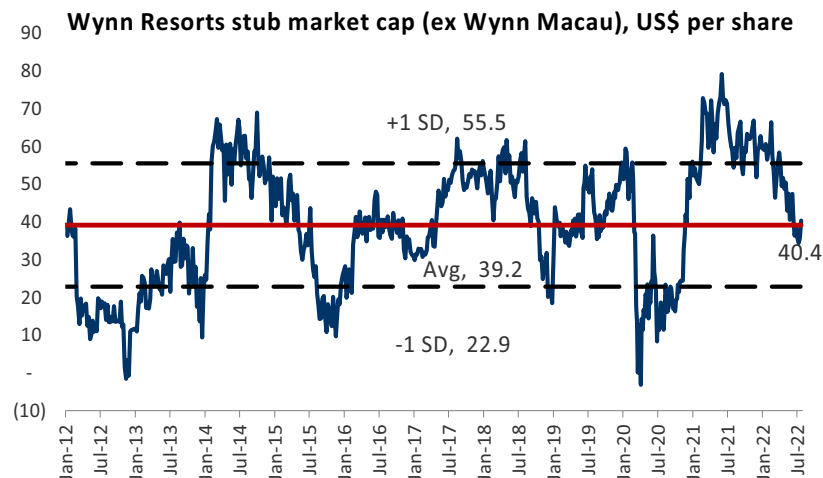
Stock-picking Framework – EBITDA Outperformance



Note: *EBITDA outperformance for 2021 and 2022 are measured as a % to 2019 as YoY is less meaningful due to low bases

Source: Company data, Refinitiv as of Aug 31, 2022, Morgan Stanley Research

US Stubs Valuation



Source: Refinitiv as of Aug 31, 2022, Morgan Stanley Research

Impact on Table and Slot Caps on Galaxy and MLCO

- Only Galaxy and MLCO are adding major capacity in Macau currently – Galaxy Macau Phase 3&4 and Studio City Phase 2
- Our base case assumes increase in # tables and # slots for both properties
- Our 2024e EBITDA for Galaxy and MLCO will be 4-5% lower if we assume no new tables/ slots added for them
 - Peak Mass table/w/d: Galaxy Macau – US\$14.1K in 2014, Studio City – US\$11K in 2019
 - Peak Slot win/s/d: Galaxy Macau – US\$460 in 2013, Studio City – US\$241 in 2018

US\$ mn	Galaxy		
	2019	2024e	% to 2019
Base Case -			
Corporate EBITDA	2,126	2,490	117%
Galaxy Macau EBITDA	1,631	2,033	125%
Mass Revenue	2,634	3,702	141%
# Mass table	525	575	110%
w/t/d (US\$)	13,744	17,592	128%
Slot Revenue	268	341	127%
# Slots	2,448	3,048	125%
w/s/d (US\$)	300	306	102%
Assume no tables and slot machines added			
Corporate EBITDA	2,126	2,370	111%
Galaxy Macau EBITDA	1,631	1,913	117%
Mass Revenue	2,634	3,380	128%
# Mass table	525	525	100%
w/t/d (US\$)	13,744	17,592	128%
Slot Revenue	268	412	154%
# Slots	2,448	2,448	100%
w/s/d (US\$)	300	460	153%
Vs. Base Case EBITDA			
Corporate EBITDA		-5%	
Galaxy Macau EBITDA		-6%	

US\$ mn	MLCO		
	2019	2024e	% to 2019
Base Case -			
Corporate Attri. EBITDA	1,265	1,379	109%
Studio City EBITDA	415	555	134%
Mass Revenue	1,014	1,409	139%
# Mass table	249	292	117%
w/t/d (US\$)	11,176	13,187	118%
Slot Revenue	79	105	133%
# Slots	947	1,135	120%
w/s/d (US\$)	230	253	110%
Assume no tables and slot machines added			
Corporate Attri. EBITDA	1,265	1,324	105%
Studio City EBITDA	415	455	110%
Mass Revenue	1,014	1,202	118%
# Mass table	249	249	100%
w/t/d (US\$)	11,176	13,187	118%
Slot Revenue	79	88	111%
# Slots	947	947	100%
w/s/d (US\$)	230	253	110%
Vs. Base Case EBITDA			
Corporate Attri. EBITDA		-4%	
Studio City EBITDA		-18%	

Source: Company data, Morgan Stanley Research (e) estimates

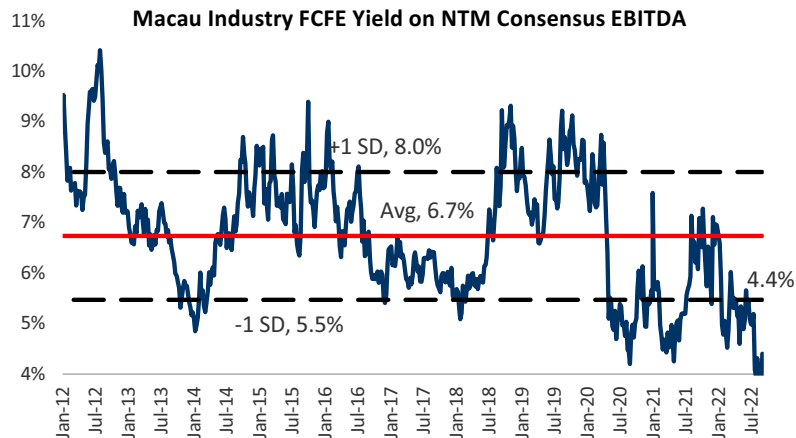
Gaming Comps Table

31-Aug-22	Current Price	MS	Mkt Cap	6M Avg Vol.	EV/EBITDA					FCFE Yield			2022	2022 YTD Vs.
	LOC\$	Rating	(US\$ m)	(US\$ m)	2019	MSe 2023E	2024E	Consensus 2023E	2024E	2019	2023E	2024E	YTD Perf.	Country Index
MACAU														
Galaxy	43.0	EW	23,901	59	8.5x	22.1x	9.0x	15.2x	10.5x	9.2%	4.0%	9.9%	7%	23%
Sands China	17.2	OW	17,694	39	6.8x	19.1x	7.7x	13.7x	9.1x	14.2%	4.7%	15.2%	(5%)	11%
Wynn Macau	4.7	OW	3,108	5	5.1x	21.6x	6.6x	13.6x	8.4x	29.9%	-0.7%	25.2%	(26%)	(10%)
Melco Resorts (Attri.)	5.4	OW	2,563	27	3.9x	14.8x	5.2x	8.9x	5.5x	30.2%	-3.8%	28.5%	(47%)	(23%)
SJM	2.7	UW	2,443	8	4.5x	87.2x	8.2x	15.9x	8.5x	18.1%	-4.7%	20.7%	(36%)	(19%)
MGM China	4.0	EW	1,912	2	5.0x	23.6x	6.8x	12.8x	8.1x	25.7%	-4.5%	22.4%	(16%)	(0%)
Macau Total (ex Studio)			51,621		6.3x	21.2x	7.6x	13.6x	8.4x	14.2%	2.8%	14.6%	(8%)	8%
ASEAN														
Genting Singapore	0.8	EW	6,710	11	4.6x	6.1x	5.9x	6.3x	5.7x	10.4%	7.9%	7.9%	1%	(3%)
NagaCorp	6.3	OW	3,501	1	5.2x	7.5x	6.2x	7.1x	6.2x	16.1%	12.8%	15.7%	(7%)	9%
Bloomerry	7.0	OW	1,342	1	5.0x	6.3x	4.8x	7.6x	6.6x	17.4%	13.6%	21.7%	11%	19%
ASEAN Total			11,553		4.9x	6.7x	5.8x	6.9x	6.0x	12.9%	10.0%	11.9%	(4%)	12%

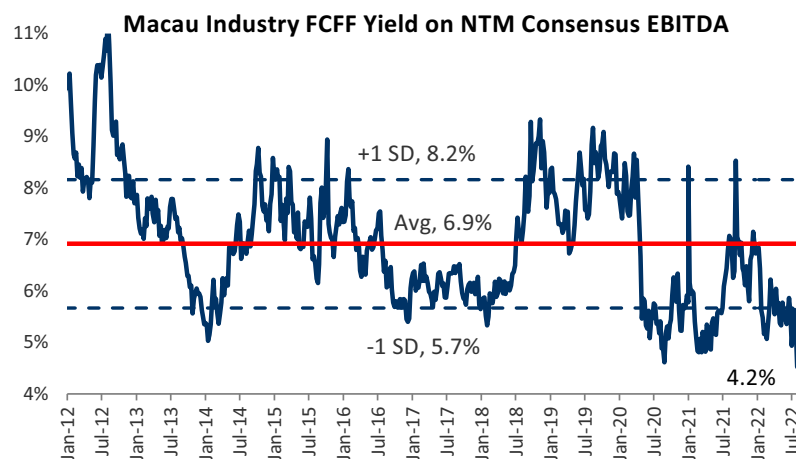
Source: Refinitiv as of Aug 31, 2022, Morgan Stanley Research (E) estimates

Macau Industry Valuation Charts

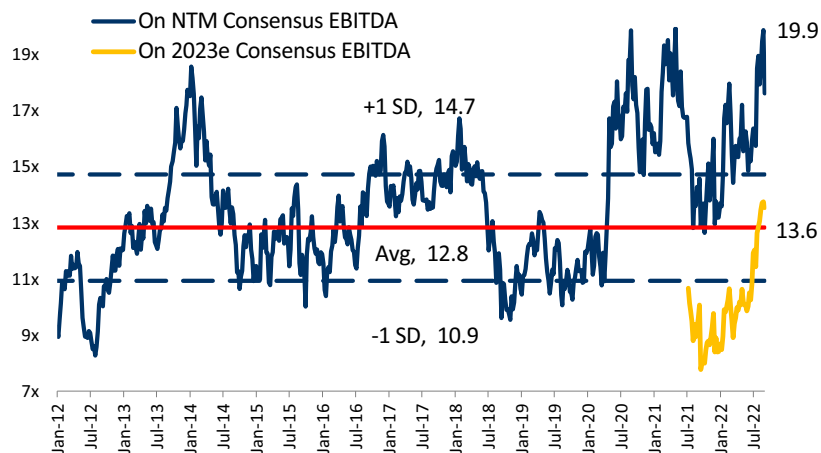
FCFE Yield Based on Consensus EBITDA



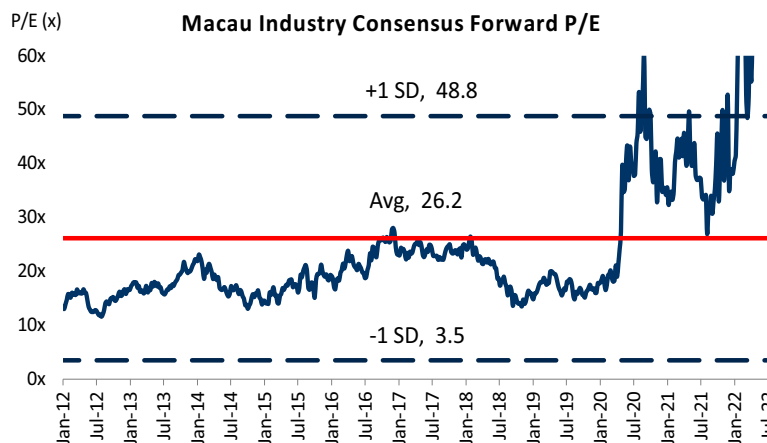
FCFF Yield Based on Consensus EBITDA



EV/EBITDA on Consensus EBITDA



Consensus Forward P/E



Source: Refinitiv as of Aug 31, 2022, Morgan Stanley Research

Company Section

STOCK HIGHLIGHTS

Macau Gaming

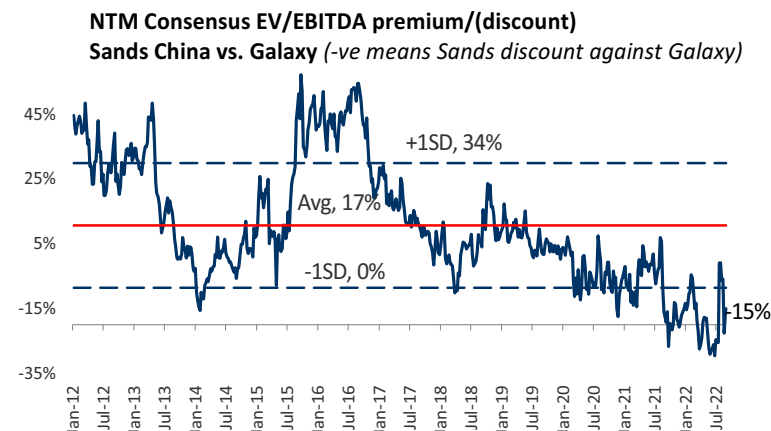
1. Sands China	– Large Cap with Attractive Valuation; Londoner Ramp	OW, PT = HK\$22.00
2. MLCO	– Cheap Relative to Peers; Phil. Exposure and MSC2.0 Opening in 2023 Are Positives	OW, PT = US\$7.50
3. Wynn Macau	– Cheap Valuation, Premium Offerings Stronger than Peers, but Debt Rising	OW, PT = HK\$6.50
4. Galaxy	– Net Cash drove Outperformance but Valuation Is Rich vs. Peers	EW, PT = HK\$47.50
5. MGM China	– Cheap Valuation but Potential for Market Share Loss Once Volume Returns	EW, PT = HK\$4.50
6. SJM	– Weaker Balance Sheet, Overhang on Satellite Casinos, Slower GLP ramp	UW, PT = HK\$2.50

ASEAN Gaming

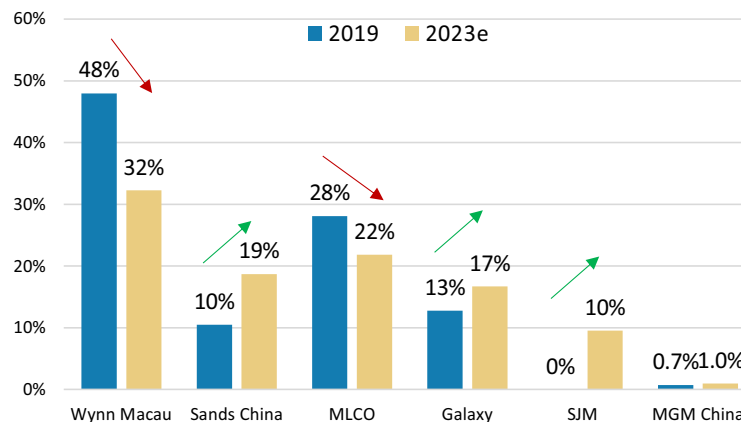
1. Bloomberry	– Reopening Play, Long-term Growth Prospects Intact, Re-rating Potential	OW, PT = PP10.00
2. NagaCorp	– Remains Cheap vs. Macau Despite More Visible Recovery and Improving Liquidity	OW, PT = HK\$9.00
3. Genting Singapore	– SG Recovers Fast from Covid; Valuation Is Fair but Not Compelling Yet	EW, PT = S\$0.85

Sands China (1928.HK, OW, PT HK\$22.00) – Prefer Over Galaxy; Large Cap with Attractive Valuation

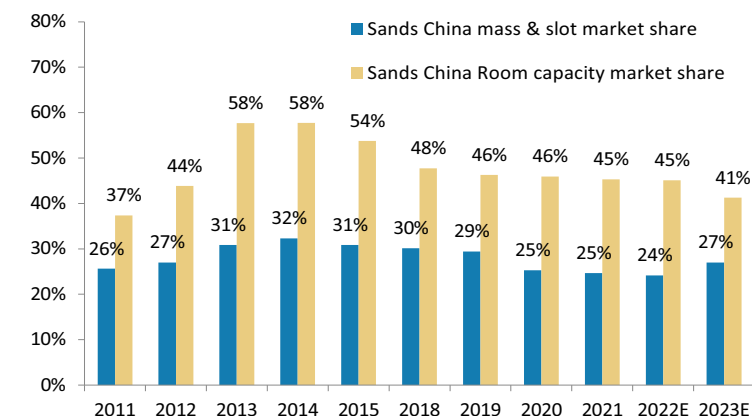
Sands trades at 15% discount to Galaxy



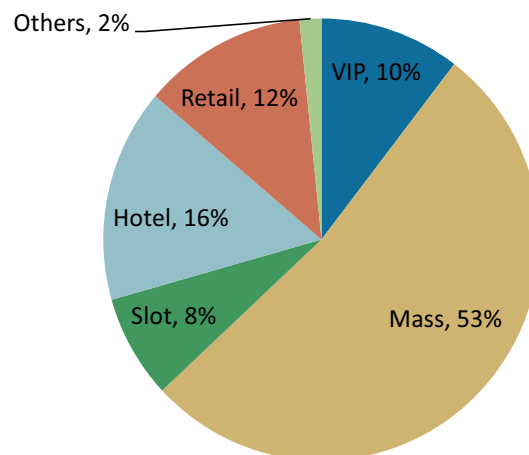
Ultra high-end rooms mkt. share: 2019 vs 2023e



Sands China mass revenue vs. market



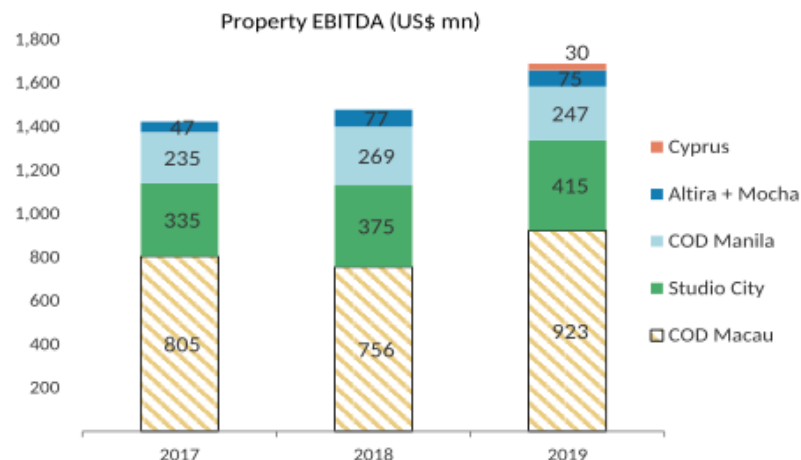
Sands EBITDA mix (2019)



Source: Company data, Refinitiv as of Aug 31, 2022, Morgan Stanley Research (E) estimates

MLCO (MLCO.OW, PT US\$7.50) – Overseas Operations Are Profitable

Property EBITDA growth driven by MSC/COD

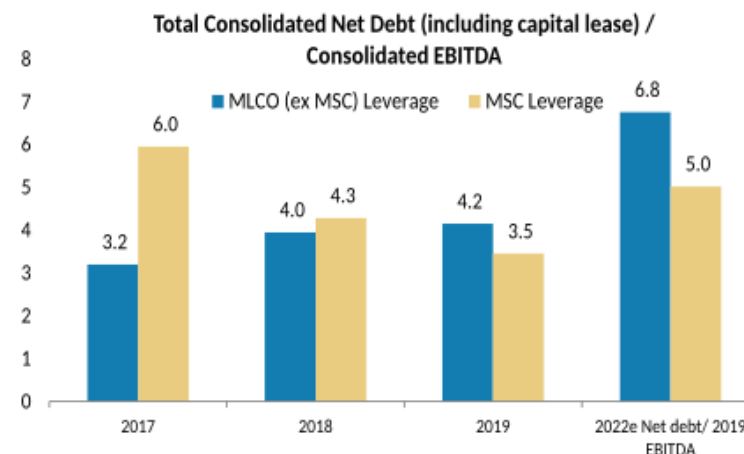


2022e attributable FCFE is negative

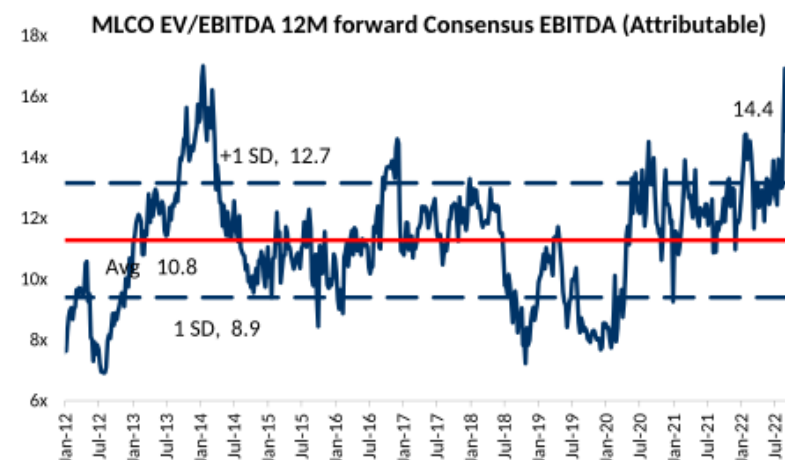
US\$ mn	2019	% to EBITDA	MS	2022E	% to EBITDA
Corporate EBITDA (Consolidated)	1,553	100%	(29)	100%	
- Subtract 45% of Studio City	(187)	(12%)	46	(158%)	
- Subtract 38% of MCP	(94)	(6%)	(70)	241%	
- Subtract 25% of COD Cyprus	(8)	(0%)	(9)	31%	
Attributable EBITDA	1,265	81%	(62)	215%	
Dividend from Crown	28	2%	-	0%	
Maintenance capex	(214)	(14%)	(98)	339%	
Interest paid, net	(243)	(16%)	(348)	1204%	
Other operating income/exp.	(62)	(4%)	(33)	115%	
FCFE	774	50%	(541)	1872%	

Source: Company data, Morgan Stanley Research (E) estimates

MLCO and MSC leverage ratios



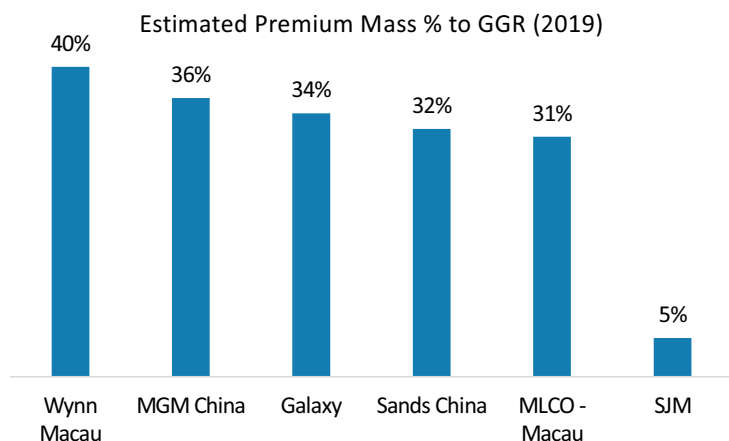
EV/EBITDA is 18% below Macau sector average



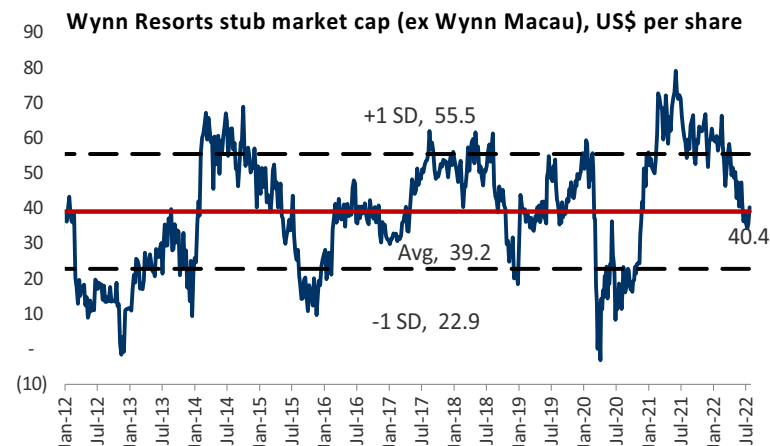
Wynn Macau (1128.HK, OW, PT HK\$6.50)

– Cheap Valuation, Premium Offerings Stronger than Peers, but Debt Rising

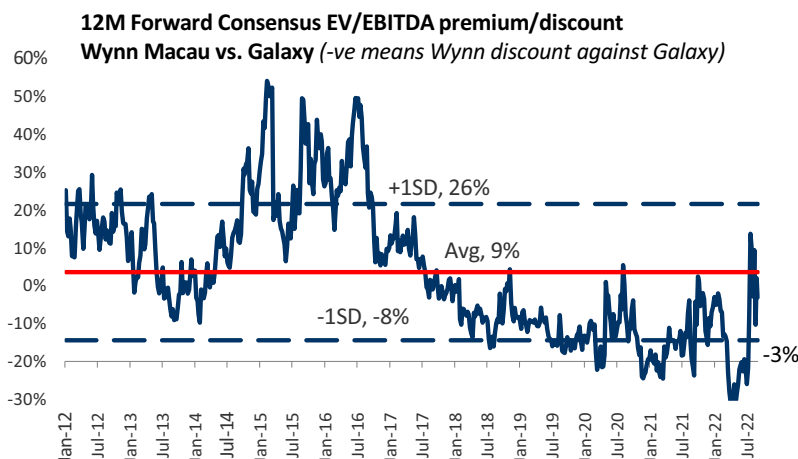
Premium Mass Revenue as % of GGR (2019)



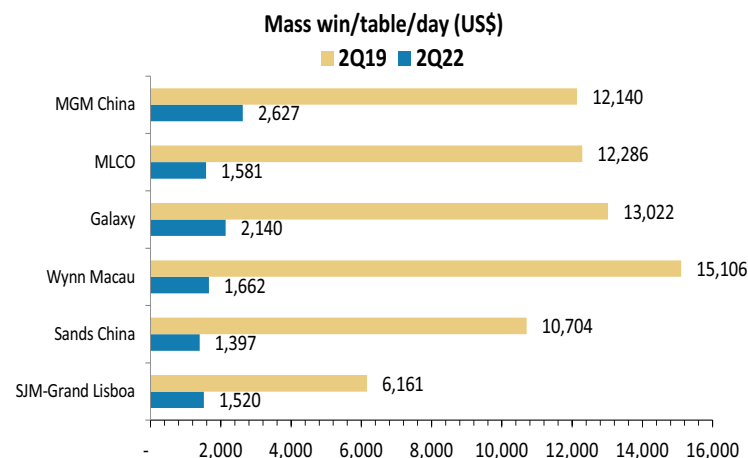
Wynn Resorts Stub Value (ex Wynn Macau)



Wynn Macau vs. Galaxy EV/EBITDA



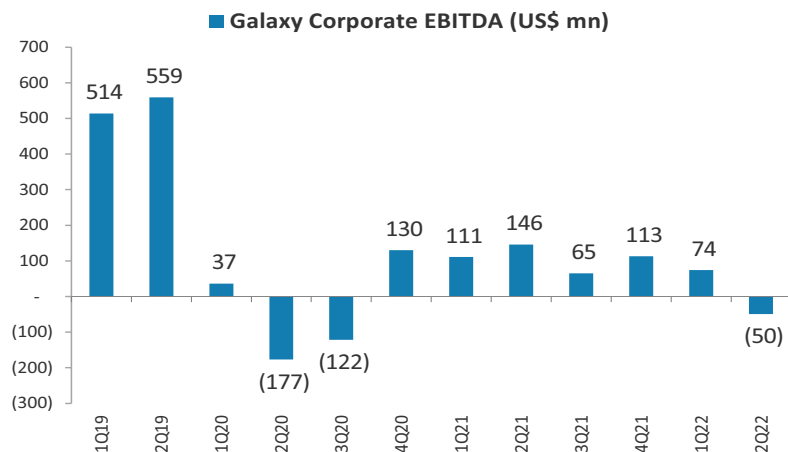
Macau Mass table yield for 2Q22



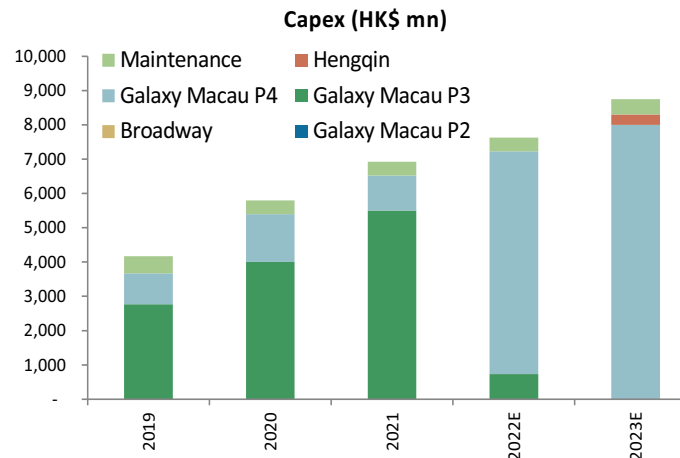
Source: Refinitiv as of Aug 31, 2022, Company data, Morgan Stanley Research (E) estimates

Galaxy Entertainment (0027.HK, EW, PT HK\$47.50): – Net Cash Drove Outperformance but Valuation Is Rich vs. Peers

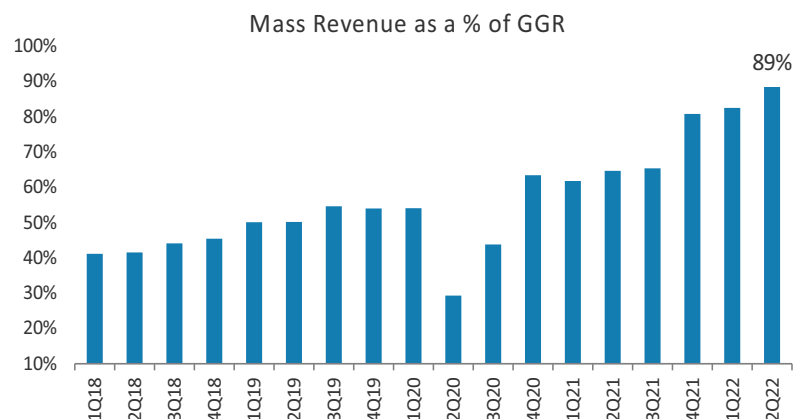
EBITDA significantly down YoY in 2Q20/3Q20/2Q22



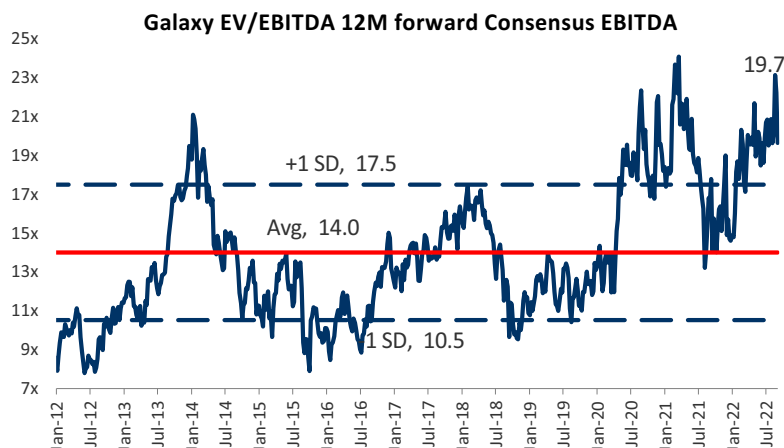
Capex to rise in the next few years



Mass % of GGR growing



EV/EBITDA is expensive, 12% above sector avg.

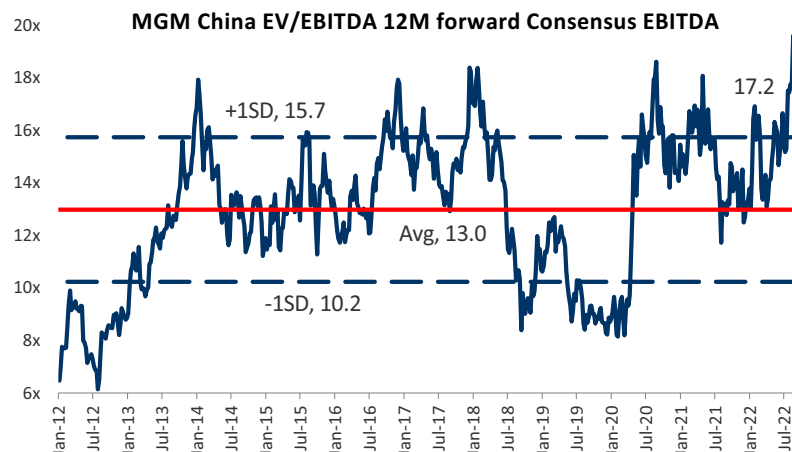


Source: Company data, Morgan Stanley Research (E) estimates

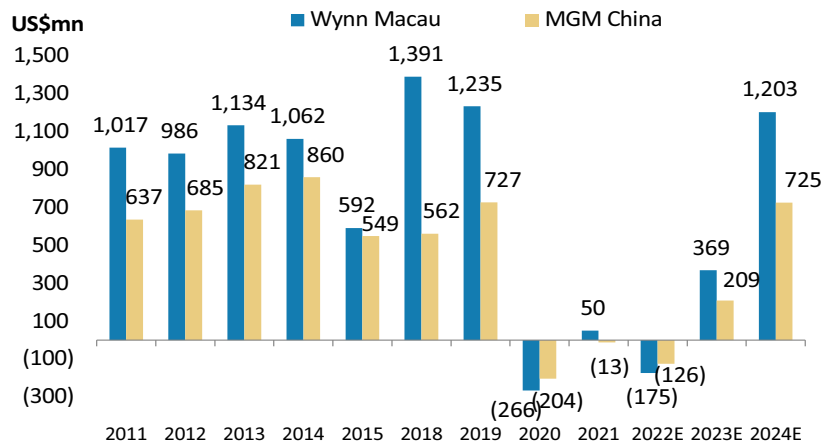
MGM China (2282.HK, EW, PT HK\$4.50)

– Cheap Valuation but Potential for Market Share Loss Once Volume Returns

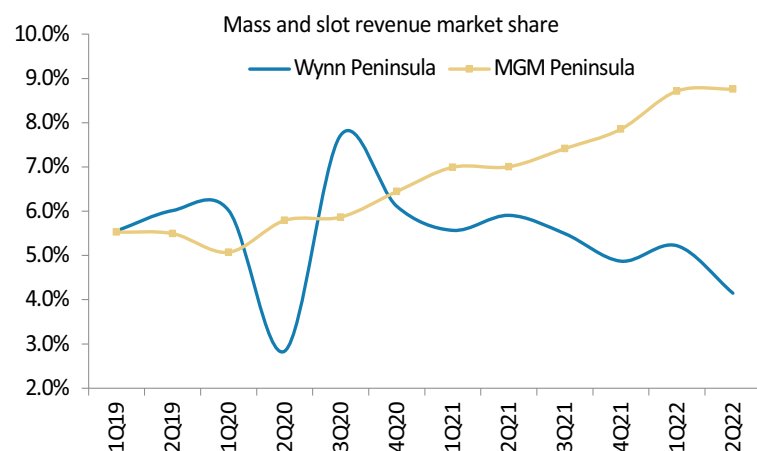
MGM is inline with Macau avg. on NTM EV/EBITDA



Wynn and MGM Annual EBITDA comparison



MGM Macau mass market share similar to Wynn Peninsula's despite MGM's having 40% fewer rooms



Source: Company data, Morgan Stanley Research (E) estimates

MGM China market share

Market Share	2018	2019	2021
GGR	7.9%	9.7%	12.7%
Prop EBITDA	6.7%	8.4%	5.7%
Net Profit	2.6%	4.6%	14.6%

Market Share	1H22	2022E	2023E
GGR	13.8%	12.9%	10.5%
Prop EBITDA	11.4%	15.6%	6.8%
Net Profit	12.4%	13.8%	58.1%

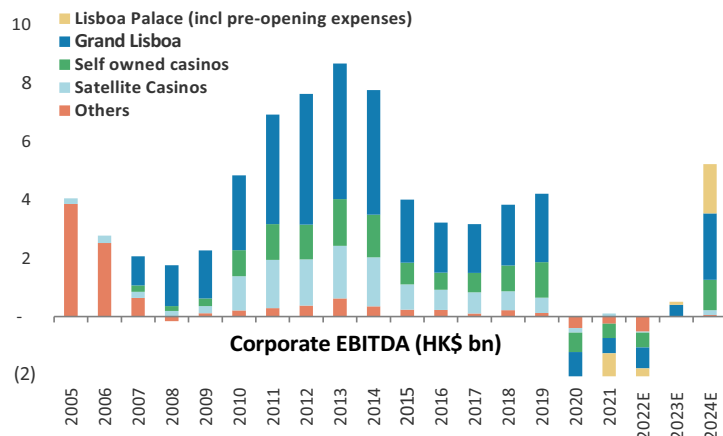
*Sector made negative EBITDA/ Net profit in 2021 and 1H22.

2023e Net Income was negative for MGM and the sector.

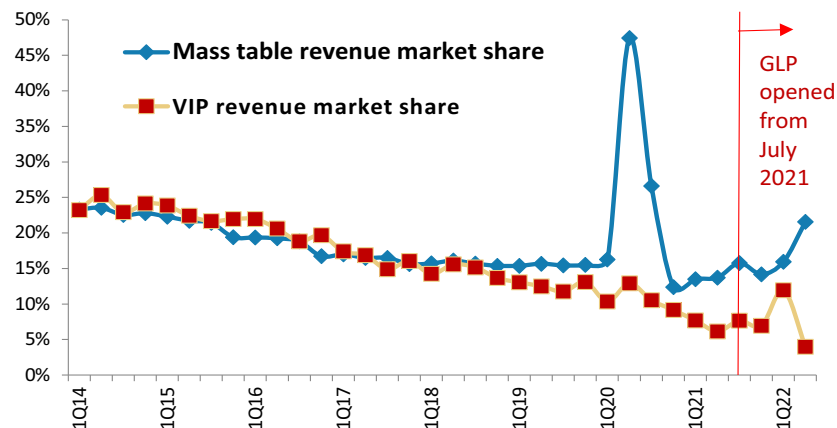
SJM (0880.HK, UW, PT HK\$2.50)

– Weaker Balance Sheet, Overhang on Satellite Casinos, Slower GLP ramp

EBITDA to go up significantly from 2024



Some market share gains post GLP opening



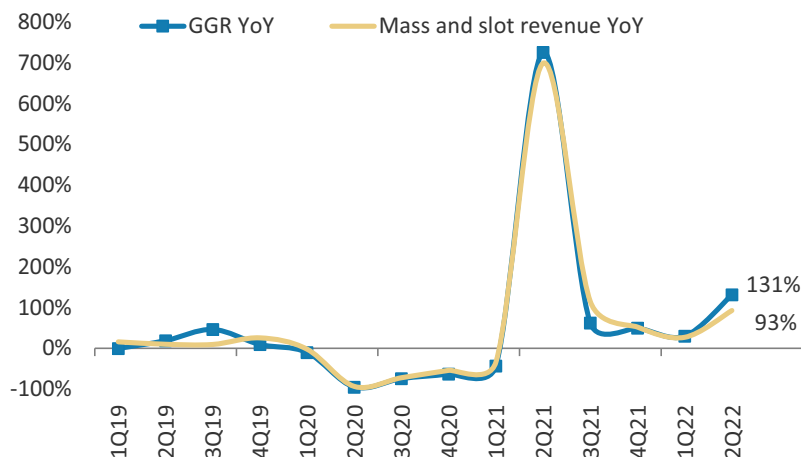
SJM EV/EBITDA on 2019, 2022e and 2023e

	2019	2022e	2023e
EV/EBITDA	10.2x	-14.5x	88.3x
EBITDA	4,213	(2,966)	489
- Legacy	4,213	(1,778)	391
- GLP	-	(1,188)	98
EV			43,148
- Net debt as of 2Q22			23,618
- Market Cap as of Aug 31, 2022			19,530

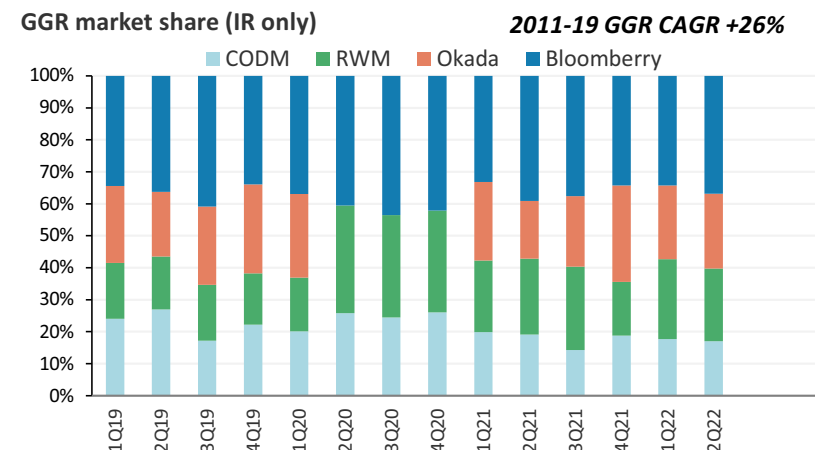
Source: Company data, Morgan Stanley Research (E) estimates

Bloomberry (BLOOM.PS, OW, PT PP10.00) – Reopening Play, Long-term Growth Prospects Intact, Re-rating Potential

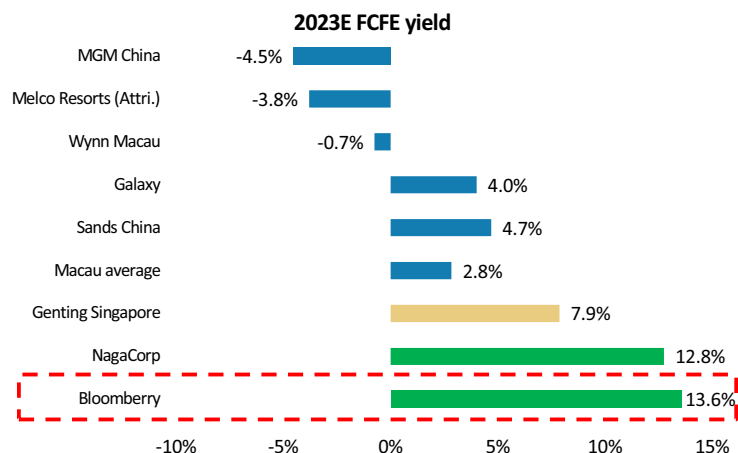
2Q22 GGR increased 131% YoY



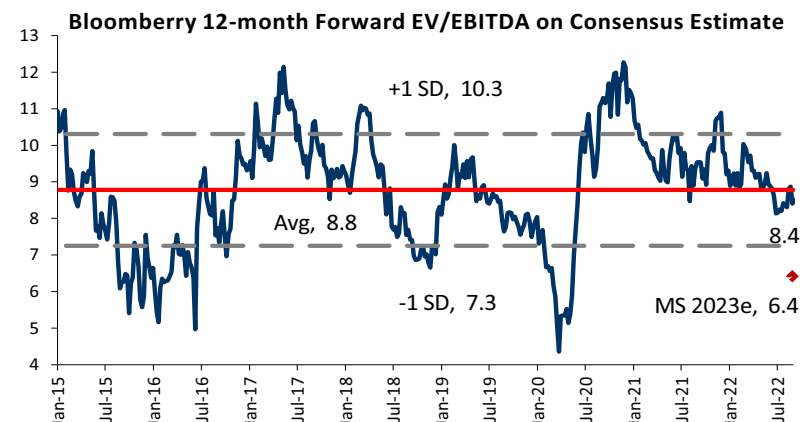
GGR market share in Philippines



2023E free cash flow yield



Forward EV/EBITDA

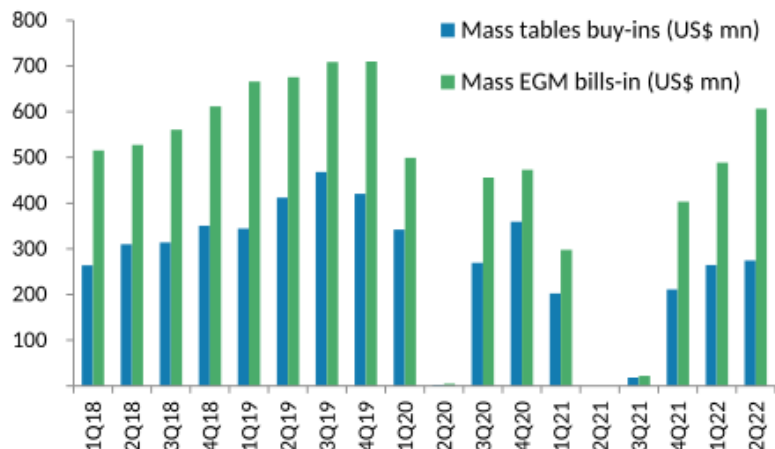


Source: Refinitiv as of Aug 31, 2022, Company data, Morgan Stanley Research (E) estimates

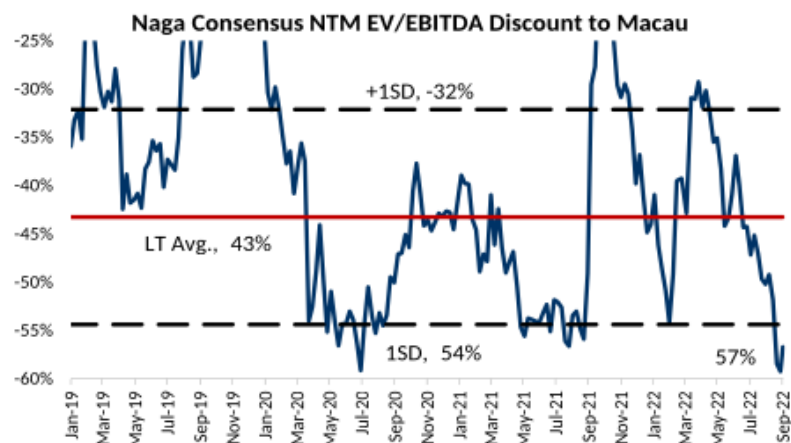
NagaCorp (3918.HK, OW, PT HK\$9.00)

– Remains Cheap vs. Macau Despite More Visible Recovery and Improving Liquidity

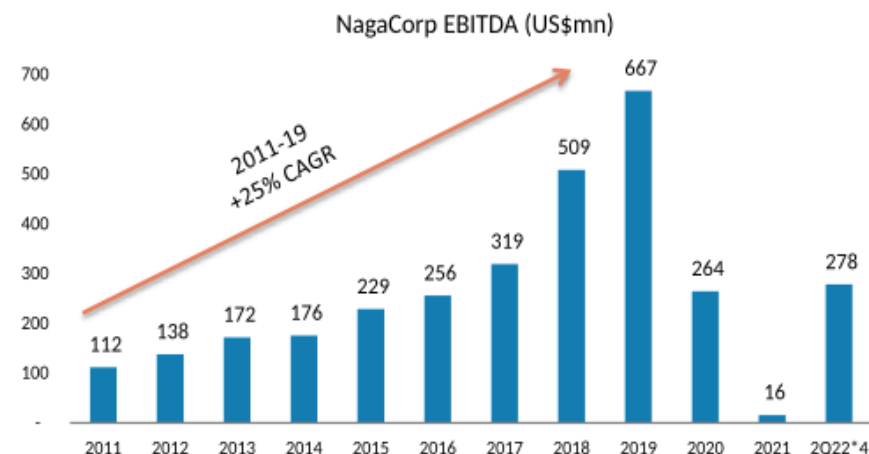
2Q22 EGM and mass volumes at 90% and 67%, respectively, of 2Q19



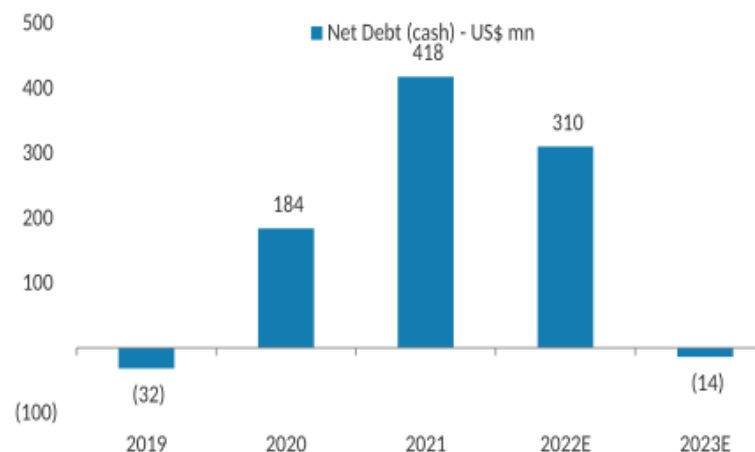
Naga at 60% discount in EV/EBITDA vs. Macau



Strong historical EBITDA growth



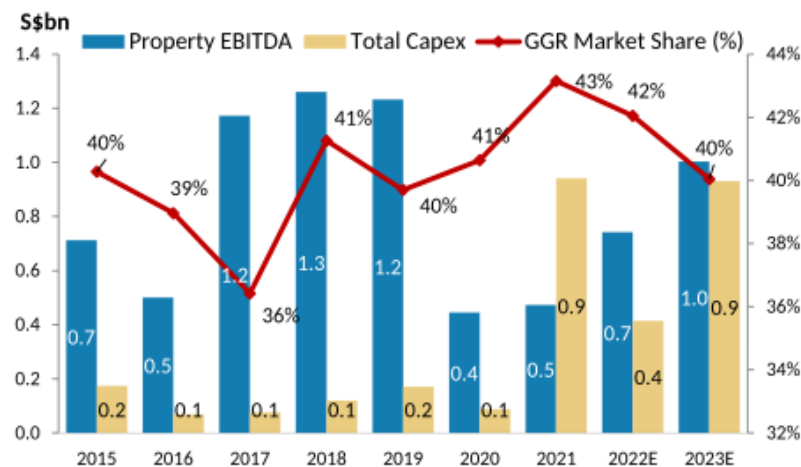
Net debt to reduce as business recovers



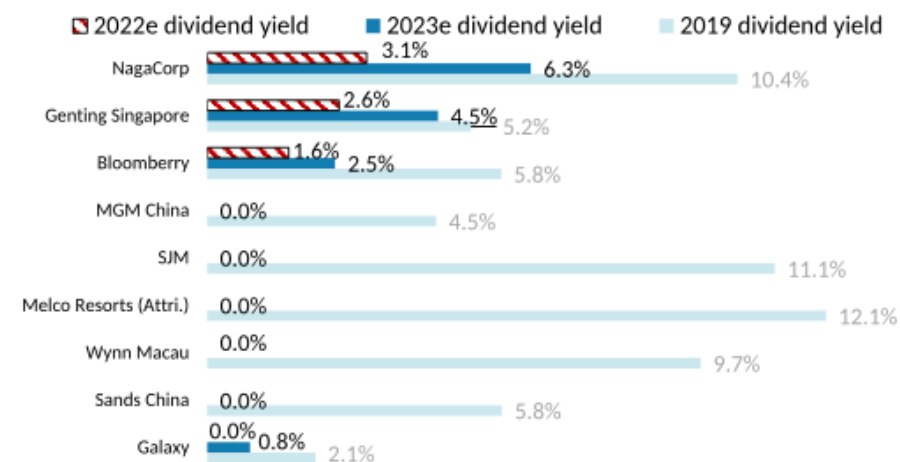
Source: Refinitiv as of Aug 31, 2022, Company data, Morgan Stanley Research (E) estimates

Genting Singapore (GENS.SI, EW, PT S\$0.85) – SG Recovers Fast from Covid; Valuation Is Fair But Not Compelling Yet

Phase 2 capex to cost ~S\$4.5bn (incl. land costs)



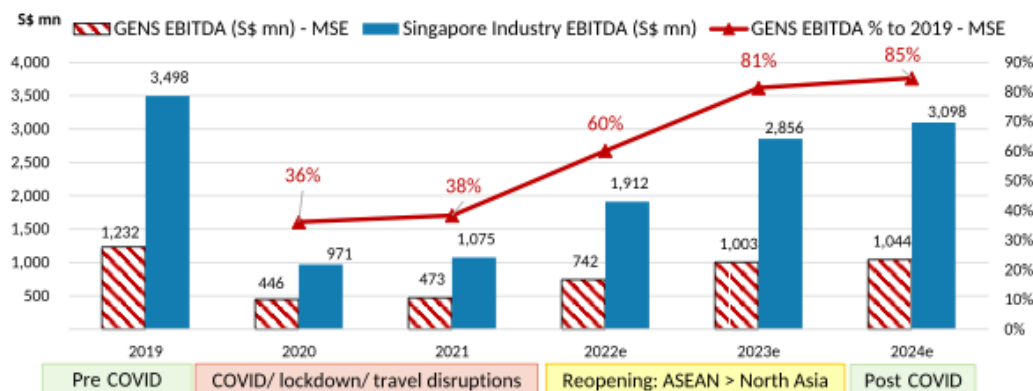
GENS sustainable dividend yield of ~2-4%



Consensus forward P/E



SG EBITDA is recovering



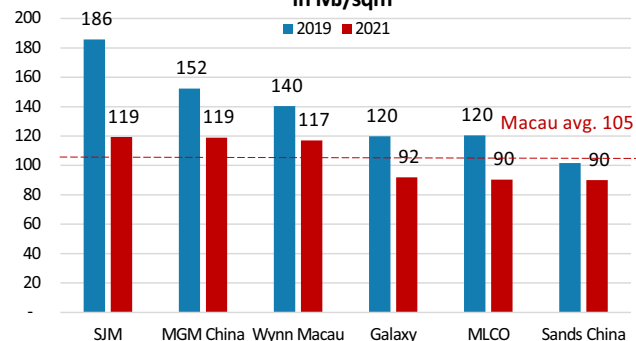
Source: Refinitiv as of Aug 31, 2022, Company data, Morgan Stanley Research (E) estimates

ESG

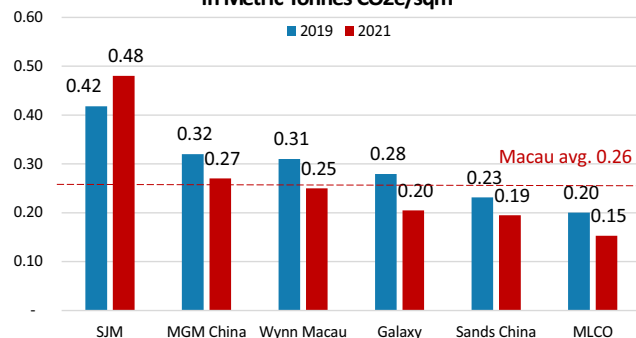
ESG – Comparing Key Metrics: Sands and Galaxy Are Winners

Environmental

Energy intensity - Resorts Operations in MJ/sqm



Emission intensity (Scope 1 & 2) - Resorts Operations in Metric Tonnes CO2e/sqm



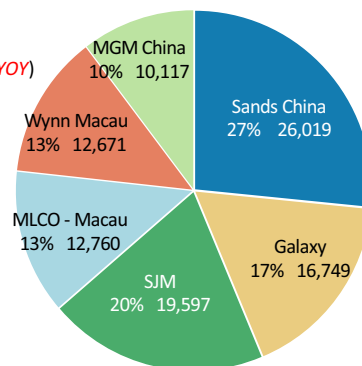
Social

Macau employment 2021:

- Total 104K employees (-4%YOY)

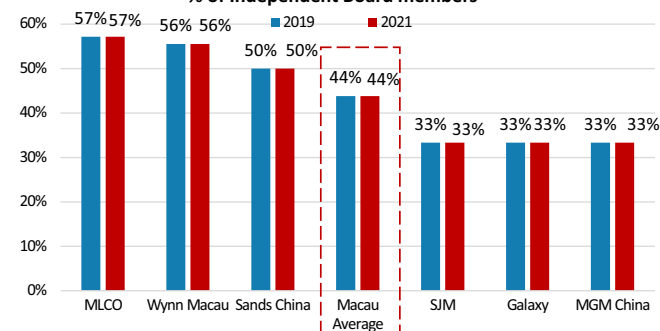
Avg. staff costs per employee:

- 2021 HK\$25.1K/mth (+2% YoY)
- 2020 HK\$24.6K/mth
- 2019 HK\$28.6K/mth

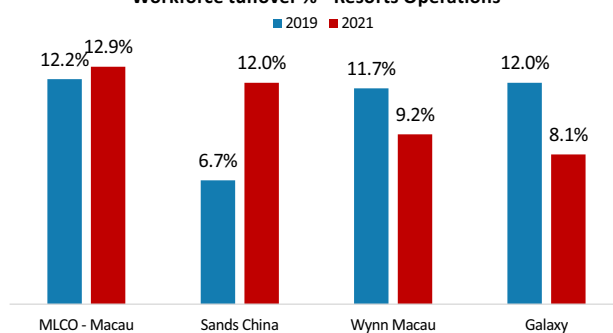


Governance

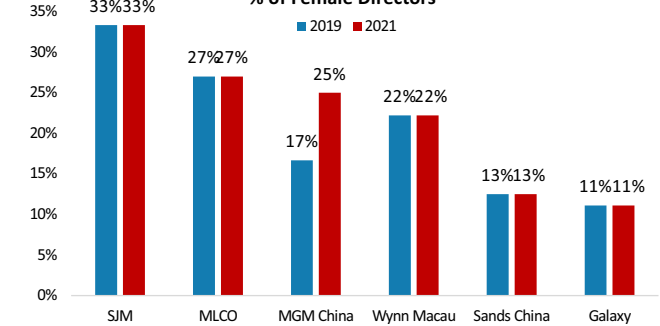
% of Independent Board members



Workforce turnover % - Resorts Operations



% of Female Directors



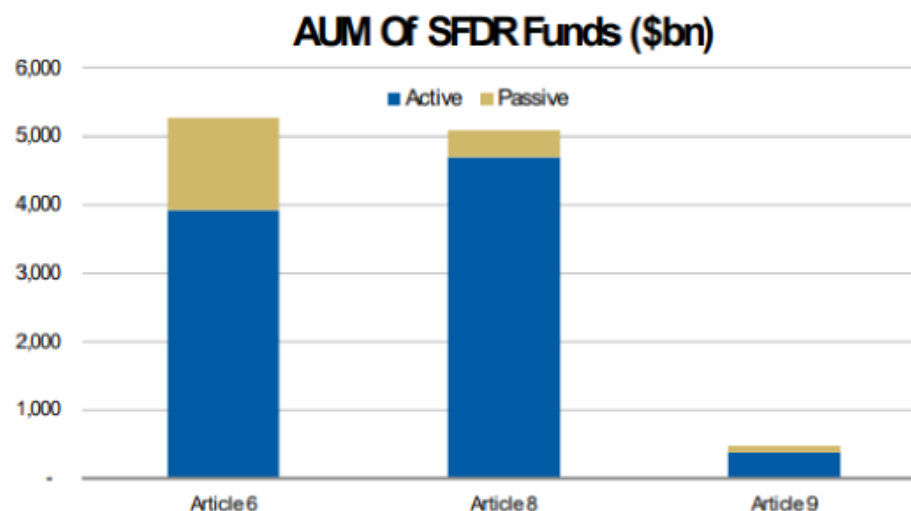
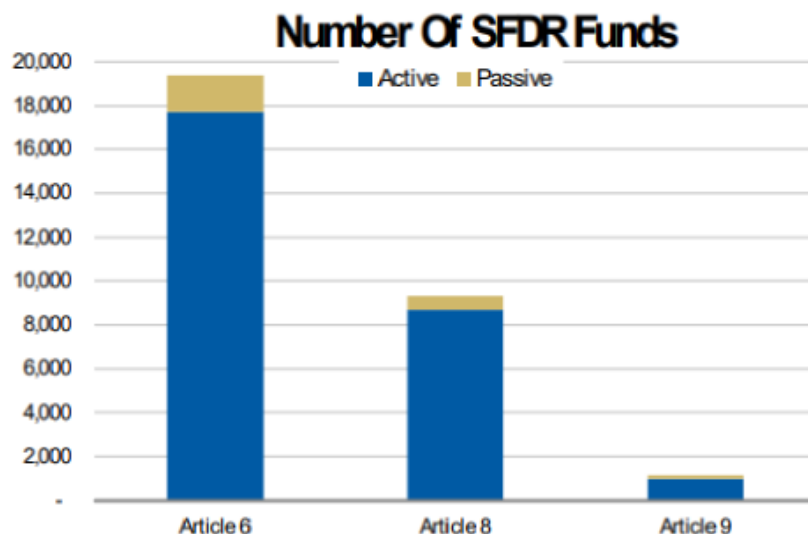
Source: Company Data, Morgan Stanley Research

Impact from SFDR Article 8

From March 2021, EU Sustainable Finance Disclosure Regulation (SFDR) came into force. Asset managers should categorise products in 3 ways:

- **Article 8 – those that promote environmental and social characteristics;**
- Article 9 – those that have a sustainable investment objective; and
- Article 6 or Other – those that fall into neither Article 8 nor 9. They may follow an ESG integration policy and/or an exclusion policy but not binding.

SFDR Article 8 & 9 AUM represent \$5.5trn



Source: Morningstar. Updated as at 25th July 2022. Note: Funds have up to the 31/07/2022 to disclose June data to Morningstar

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(as of August 31, 2022)

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STOCK RATING CATEGORY	COVERAGE UNIVERSE		INVESTMENT BANKING CLIENTS (IBC)			OTHER MATERIAL INVESTMENT SERVICES CLIENTS (MISC)	
	COUNT	% OF TOTAL	COUNT	% OF TOTAL IBC	% OF RATING CATEGORY	COUNT	% OF TOTAL OTHER MISC
Overweight/Buy	1356	38%	304	41%	22%	596	39%
Equal-weight/Hold	1589	45%	349	47%	22%	716	47%
Not-Rated/Hold	0	0%	0	0%	0%	0	0%
Underweight/Sell	610	17%	90	12%	15%	225	15%
TOTAL	3,555		743			1537	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Praveen K Choudhary		
Galaxy Entertainment (0027.HK)	E (07/18/2022)	HK\$43.05
Melco Resorts & Entertainment Ltd (MLCO.O)	O (12/14/2021)	US\$5.37
MGM China Holdings Limited (2282.HK)	E (12/14/2021)	HK\$3.97
Sands China Ltd. (1928.HK)	O (09/20/2021)	HK\$17.24
SJM Holdings (0880.HK)	U (03/28/2022)	HK\$2.61
Wynn Macau, Limited (1128.HK)	O (07/18/2022)	HK\$4.70

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* Historical prices are not split adjusted.

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COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/02/2022)
Gareth Leung, CFA		
Bloomerry Resorts Corporation (BLOOMPS)	O (04/11/2022)	PP6.96
NagaCorp (3918.HK)	O (09/06/2021)	HK\$6.36
Praveen K Choudhary		
Genting Singapore PLC (GENS.SI)	E (02/23/2022)	S\$0.77

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* Historical prices are not split adjusted.