

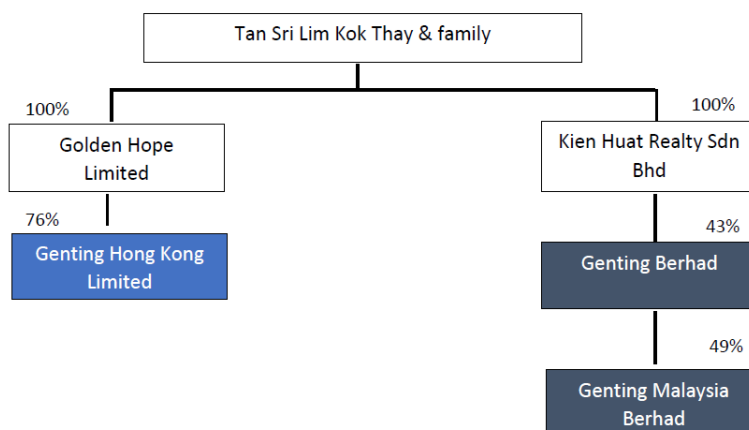
Media Release

Genting Hong Kong-related developments have no direct impact on Genting's group ratings

RAM Ratings does not expect the insolvency filing by a subsidiary of Genting Hong Kong Limited (GHK) to directly affect the ratings of Genting Berhad (Genting or the Group) and Genting Malaysia Berhad (see Table 1). GHK recently announced that the move by its subsidiary, MV Werften (a Germany-based shipbuilding company), to apply for insolvency proceedings could trigger cross-default events in respect of GHK's debt facilities.

GHK and Genting have a common shareholder and brand name but the former is not part of the Group. Tan Sri Lim Kok Thay and his family currently own 43.0% and 75.5% stakes in Genting and GHK, respectively. In view of the separate corporate lineages, Genting has confirmed that GHK's borrowings have no cross-default provisions, guarantees or keepwell structures that may affect the Group. The ownership linkages of the Lim family with Genting group entities do however raise concerns about potential conflicts of interest.

Figure 1: Abridged corporate structure of Genting Berhad



A possible demand for resources to support the vast business empire held by Genting's shareholders may put further pressure on Genting to increase dividend distributions. In 9M FY Dec 2021, Genting paid out RM863 mil of dividends (9M FY Dec 2020: RM1,700 mil). While lower y-o-y, the sum is substantial considering the Group's

financial losses during the period. Higher than expected dividend distributions to shareholders could offset tentative signs of recovery seen in the Group's operations from the trough in 2020 and 1H 2021. Genting's Malaysian operations have registered strong business volumes since the interstate travel ban was lifted in November 2021. At the same time, the Group's businesses in New York and UK have continued to outperform our expectations.

In August 2021, we maintained the negative outlook on Genting's ratings. This was premised on our expectations that the Group's credit metrics would stay under stress in the near term before recovering to levels commensurate with its ratings in FY Dec 2023. Potential rating actions in our next review of the rated entities will take into account recent developments and the pace of recovery of Genting's operations against our expectations, among other factors.

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Table 1: Ratings of Genting and Genting Malaysia Berhad

Genting Berhad	Rating(s)
Corporate credit ratings - Global scale - ASEAN scale - National scale	^g A ₃ /Negative/ ^g P2 ^{sea} AA ₁ /Negative/ ^{sea} P1 AA ₁ /Negative/P1
RM2 bil MTN Programme (2012/2032) <i>(Issued by Genting Capital Berhad)</i>	AA ₁ (s)/Negative
RM10 bil MTN Programme (2019/2119) <i>(Issued by Genting RMTN Berhad)</i>	AA ₁ (s)/Negative
Genting Malaysia Berhad	Rating(s)
Corporate credit ratings - National scale	AA ₁ /Negative/P1
RM5 bil MTN Programme (2015/2035) <i>(Issued by GENM Capital Berhad)</i>	AA ₁ (s)/Negative
RM3 bil MTN Programme (2018/2038) <i>(Issued by GENM Capital Berhad)</i>	AA ₁ (s)/Negative

Note:

- (1) Debt programmes under Genting Capital Berhad and Genting RMTN Berhad are backed by full, unconditional and irrevocable corporate guarantees from Genting.
- (2) Debt programmes under GENM Capital Berhad are backed by full, unconditional and irrevocable corporate guarantees from GenM.



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