

# Gaming

## Better prospects of a revenue recovery across the region

This report does not constitute a rating action.

### What do we expect over the next 12 months?

**In Macao, we forecast mass gross gaming revenue (GGR) in 2024 to be 5%-15% stronger than in the pre-COVID year of 2019.** Higher visitation and expanded hotel capacity should fuel the growth. Based on trends so far this year, the 2024 mass GGR is likely to be at the upper end of our forecast range.

**Gaming revenue in Singapore and Malaysia should continue to improve,** benefiting partly from higher visitations thanks to the visa free arrangement with China.

**In Australia and New Zealand, soft economic conditions** will continue to take a toll on mass GGR.

### What are the key risks around the baseline?

**Higher capital expenditures for development projects.** Global operators such as Las Vegas Sands, Wynn Resorts Ltd., MGM Resorts International, and Genting Bhd. will likely bid for three full-scale casino licenses available in New York. Many of them also have development projects underway in other regions of the U.S., and also around the world in Singapore, the United Arab Emirates, and Japan.

**Economic headwinds.** Subdued economic conditions and cost of living pressures are weighing on gaming revenues in Australia and New Zealand. For example, electronic gaming machine revenue at SkyCity Entertainment Group Ltd.'s flagship Auckland casino has softened considerably since the start of 2024. We expect this trend to persist for the remainder of the year.

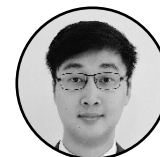
### What do they mean for the sector?

**The outcome of New York gaming licenses will be a watchpoint for multiple rated issuers this year.** The scale of the project could add leverage compared with our base-case forecasts and slow improvement in operators' credit measures or eat into the leverage cushion of others.

**Casino operators could expand into Southeast Asian markets.** Macao operator Melco Resorts & Entertainment Ltd. is partnering with a local conglomerate in their integrated resort development in central Colombo in Sri Lanka. Thailand is also in the process of legalizing casinos. These markets could be attractive to smaller casino operators with less financial flexibility with their low investment costs, compared with developed markets.

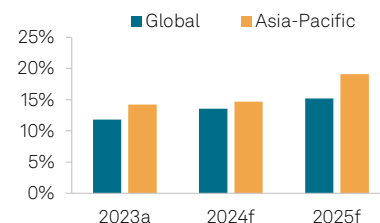
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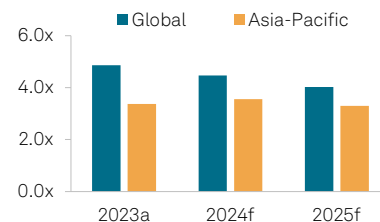


### Rating Metrics

#### FFO to debt (median, adjusted)



#### Debt to EBITDA (median, adjusted)



Source: S&P Global Ratings.

All figures are converted into U.S. dollars using historical exchange rates. Forecasts are converted at the last financial year-end spot rate. FFO--Funds from operations. a--Actual. f--Forecast.