

Genting, Alliance Global Plan Over \$500 Million IPO for Philippine Casino - Sources

Written by Administrator
Monday, 22 April 2013 08:43 -

Malaysia's Genting Bhd. (3182.KU) and its Philippine partner are planning to raise more than \$500 million from an initial public offering of their Manila casino in the third quarter, two people with knowledge of the deal said Monday, as casino operators push ahead with plans to create one of Asia's newest gambling centers.

Proceeds from the listing of Resorts World Manila, run by a 50-50 joint venture between a company controlled by Malaysian gambling tycoon Lim Kok Thay and Philippine billionaire Andrew Tan's Alliance Global Group Inc. (AGI.PH), will go toward financing other casino projects owned by the two.

Travellers International Hotel Group Inc., jointly owned by Mr. Lim's Genting Hong Kong Ltd. (S21.SG) and Mr. Tan's Alliance Global conglomerate, is currently developing the Resorts World Bayshore, a \$1.1 billion casino resort due to open in 2016 in Entertainment City—a 100-hectare tourism destination being built along the Manila Bay area.

The IPO of Resorts World Manila comes as the Philippines vies to become Asia's third-largest gambling hub after Macau and Singapore. The Chinese territory's \$38 billion gambling industry already generates six times the revenue of the Las Vegas Strip, while Singapore's gambling revenue has already matched that of the U.S. casino capital within two years of the island opening its first resorts in 2010.

For its part, the Philippines legalized casinos in the late 1970s, but most of its casinos are run by the government regulator-Philippine Amusement and Gaming Corp., or Pagcor—and have none of the glitz that brings in foreign gamblers. Authorities unveiled plans in 2007 for Entertainment City, the Philippines' answer to the Las Vegas Strip, which was aimed at attracting wealthy Chinese high-rollers and local residents who are benefiting from the archipelago nation's strong economic growth.

Resorts World Manila, located to the east of Entertainment City, opened in August 2009 and comprises three hotels, a shopping mall, cinemas and a performing arts theater.

A spokeswoman for Genting Hong Kong declined to comment. An Alliance Global spokesman

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didn't immediately respond to a request for comment.

The first of Entertainment City's four planned big resorts-the Solaire casino-opened last month, marking the gambling industry debut of international ports billionaire Enrique "Ricky" Razon Jr. A resort by Macau casino operator Melco Crown Entertainment Ltd. and the Philippines' richest man, property developer Henry Sy, is due to open next year, ahead of Travellers International's Resorts World Bayshore and a property by Japanese gambling magnate Kazuo Okada. The Philippine government hopes that these four casinos would help the country generate at least \$5 billion in annual gambling revenue by 2015, after earning \$2.1 billion in 2012, Pagcor Chairman Cristino Naguiat Jr. said this year.

Nasdaq-listed Melco Crown last week said its Philippine unit is seeking to raise about \$400 million through a share sale, with the proceeds going to fund its investment in its joint casino development with Mr. Sy's Belle Corp.

According to Citigroup gambling analyst Michael Beer, annual gambling revenue in the Philippines could double to more than \$3 billion by the end of 2015, once all four Manila projects are in full swing. This would still trail the \$38 billion gambling industry in the Chinese territory of Macau, but could potentially top the Las Vegas Strip and Singapore markets, which each post revenue of about \$6 billion a year.

--Abhrajit Gangopadhyay in Kuala Lumpur contributed to this article.

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