

Summit Ascent

Small but beautiful

Casinos & Gaming | Initiation

0102.HK

Target price (12M, HK\$)

1.80

Outperform^[V]

- **We initiate coverage on Summit Ascent with an OUTPERFORM rating and a TP of HK\$1.80, implying 90% potential upside.** Summit Ascent operates Tigre de Cristal casino located in the Integrated Entertainment Zone of Primorye Region, Russian Far East. The scale is still small but sees strong potential, in our view. On top of Chinese demand, it is well positioned to attract players from South Korea and Japan due to its geographical proximity. After a product revamp and with support from Suncity Group (its 70% majority shareholder) as the largest junket globally, we forecast GGR to grow 349%/81% in 2021/22E. To put things in perspective, our GGR estimates only account for 2%/4% of Suncity's pre-Covid level GGR, which should be achievable as Suncity can help ramp up the casino.
- **Several advantages over its Macau peers:** (1) No casino license renewal risk, given an indefinite term; (2) effective gaming tax as low as 2% on GGR vs Macau's 39%; (3) favourable cost structure makes it more defensive, it enjoys higher EBITDA flow-through when GGR recovers; (4) junket commission as high as 70% on GGR vs Macau's 42.5% thanks to lower gaming tax; (5) less reliance on Chinese visitors, but would be an upside option. Though borders remain shut due to travel restrictions, the casino was already EBITDA positive in 3Q20 as the local mass demand can cover its operating costs.
- **Future growth option from TC Phase II and Philippines:** (1) Tigre de Cristal Phase II to triple gaming capacity is targeted to open in phases, starting 2022. (2) Exposure to a Filipino casino of the Westside City Project through an investment in Suntrust. In Manila, GGR had seen a strong 15% CAGR over the past decade. The company currently holds a 6% coupon convertible bond of Suntrust, leaving an upside option beyond 2023.
- **Attractive risks/reward.** Summit Ascent is trading at 4x 2022E EV/EBITDA vs 11x of Macau peers. The trading discount should narrow as business gradually normalises into next year. Robust growth outlook (off a small base relative to regional peers), upside option from its Phase II and stake in Philippines casino are re-rating drivers. **Risks:** Slow tourism recovery, delay in new projects and regulatory tightening on cross border gambling activities.

Price (13 Nov 20, HK\$)	0.95
Upside/downside (%)	89.5
Mkt cap (HK\$/US\$ mn)	4,284 / 552.51
Enterprise value (HK\$ mn)	3,202
Number of shares (mn)	4,509
Free float (%)	29.4
52-wk price range (HK\$)	1.11-0.47
ADTO-6M (US\$ mn)	0.8
[V] = Stock Considered Volatile (see Disclosure Appendix)	

Research Analysts

Kenneth Fong

852 2101 6395

kenneth.kc.fong@credit-suisse.com

Lok Kan Chan

852 2101 6390

lokkan.chan@credit-suisse.com

Rebecca Law

852 2101 7985

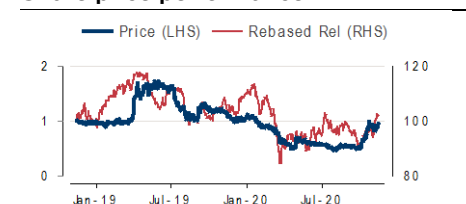
rebecca.law@credit-suisse.com

Financial and valuation metrics

Year	12/19A	12/20E	12/21E	12/22E
Revenue (HK\$ mn)	532.8	235.7	886.1	1,313.4
EBITDA (HK\$ mn)	214.8	2.4	428.2	799.6
EBIT (HK\$ mn)	115.6	(90.1)	334.3	665.4
Net profit (HK\$ mn)	82.0	(54.0)	301.3	556.7
EPS (CS adj.) (HK\$)	0.05	(0.01)	0.07	0.12
Chq. from prev. EPS (%)	n.a	n.a	n.a	n.a
Consensus EPS (HK\$)	n.a	-	-	-
EPS growth (%)	891.3	n.m.	n.m.	84.8
P/E (x)	18.7	n.m.	14.2	7.7
Dividend yield (%)	0.0	0.0	0.0	0.0
EV/EBITDA (x)	17.0	1,304.4	7.9	4.3
P/B (x)	1.04	1.33	1.22	1.05
ROE (%)	5.7	(2.2)	9.0	14.7
Net debt/equity (%)	(31.3)	(32.7)	(23.4)	(18.1)

Source: Company data, Refinitiv, Credit Suisse estimates

Share price performance



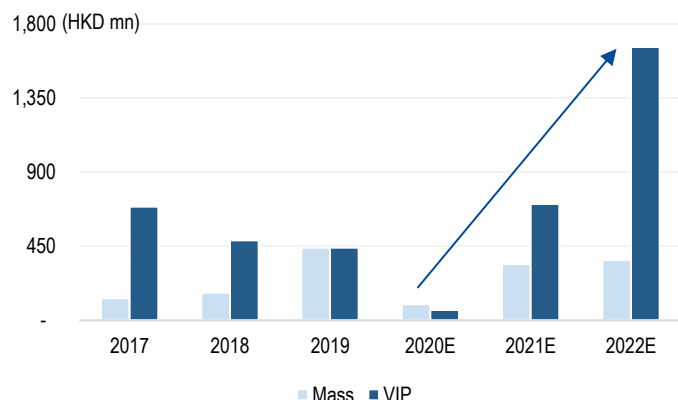
The price relative chart measures performance against the HANG SENG INDEX which closed at 26,156.86 on 13/11/20. On 13/11/20 the spot exchange rate was HK\$7.75/US\$1

Performance	1M	3M	12M
Absolute (%)	35.7	72.7	(12.8)
Relative (%)	29.7	68.9	(12.2)

DISCLOSURE APPENDIX AT THE BACK OF THIS REPORT CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, LEGAL ENTITY DISCLOSURE AND THE STATUS OF NON-US ANALYSTS. US Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

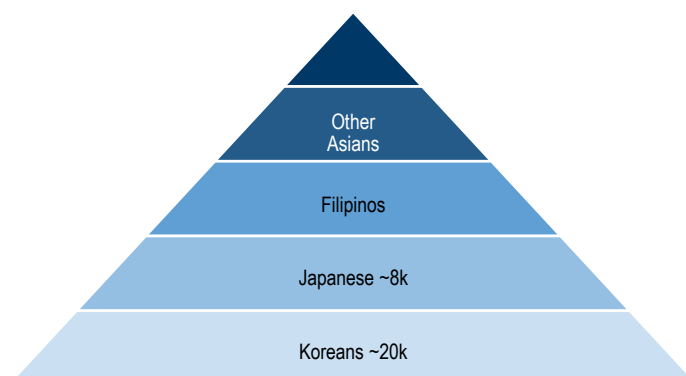
Focus charts

Figure 1: Strong growth potential with support from Suncity



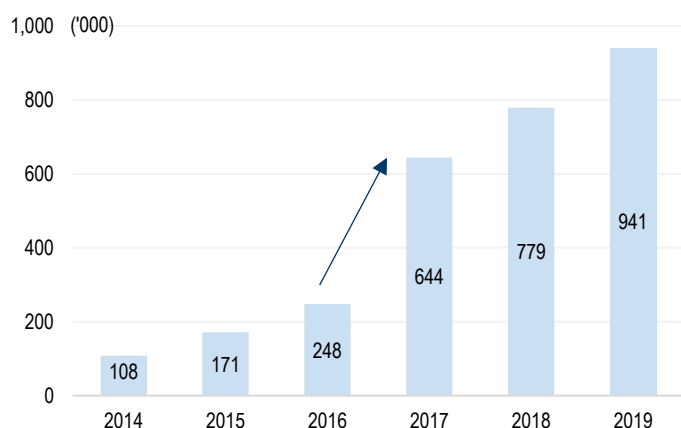
Source: Company data, Credit Suisse estimates

Figure 2: Large portion of non-Chinese members from Suncity



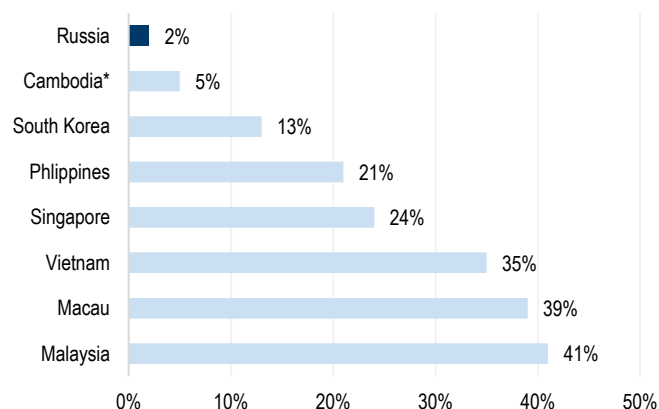
Source: Company data

Figure 3: Tourists on the rise since 2017 after e-visa regime



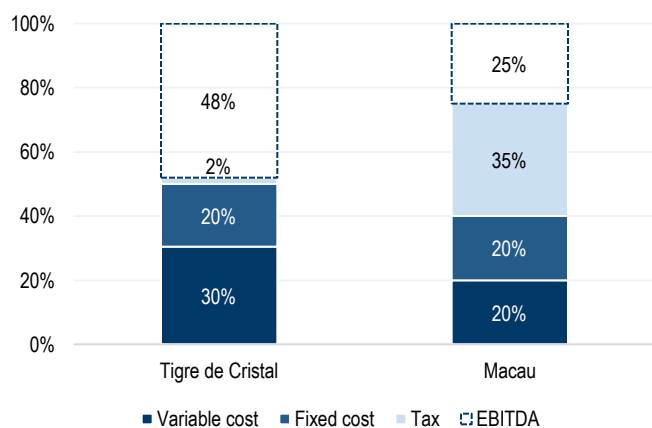
Source: Primorsky Territory Department for International Corporation and Tourism

Figure 4: Lowest gaming tax among the regional peers



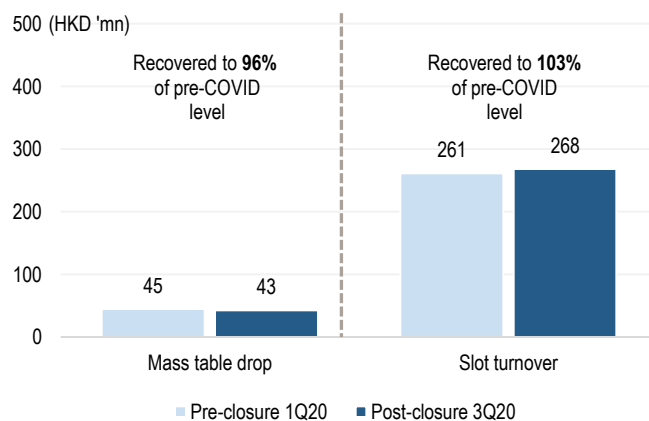
Source: Company data, Credit Suisse

Figure 5: Higher margin despite higher junket commission



Source: Company data, Credit Suisse estimates

Figure 6: Solid recovery on strong local demand



Source: Company data

Summit Ascent (0102.HK / 102 HK)

Price (13 Nov 2020): **HK\$0.95**Target Price: **HK\$1.80**Analyst: **Kenneth Fong**Rating: **Outperform**

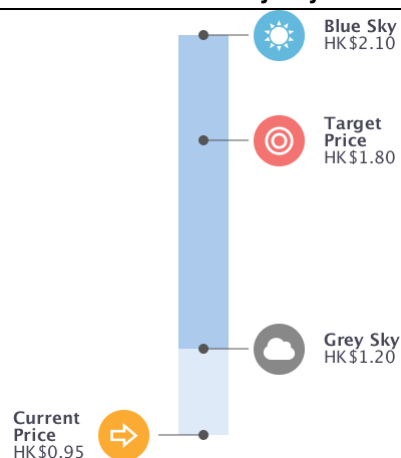
Income Statement (HK\$ mn)				
	12/19A	12/20E	12/21E	12/22E
Sales revenue	533	236	886	1,313
Cost of goods sold	175	143	186	204
EBITDA	215	2	428	800
EBIT	116	(90)	334	665
Net interest expense/(inc.)	23	(10)	(33)	(35)
Recurring PBT	107	(100)	373	718
Profit after tax	107	(100)	372	717
Reported net profit	82	(54)	301	557
Net profit (Credit Suisse)	82	(54)	301	557
Balance Sheet (HK\$ mn)				
	12/19A	12/20E	12/21E	12/22E
Cash & cash equivalents	861	1,373	1,095	972
Current receivables	62	9	106	249
Inventories	3	0	4	4
Other current assets	0	0	0	0
Current assets	925	1,382	1,204	1,225
Property, plant & equip.	1,409	1,504	2,067	2,737
Investments	0	0	0	0
Intangibles	0	0	0	0
Other non-current assets	39	937	935	933
Total assets	2,373	3,825	4,207	4,896
Current liabilities	287	254	259	223
Total liabilities	337	331	340	307
Total debt	223	229	189	141
Shareholders' equity	1,644	3,214	3,515	4,072
Minority interests	392	280	352	517
Total liabilities & equity	2,373	3,825	4,207	4,896
Cash Flow (HK\$ mn)				
	12/19A	12/20E	12/21E	12/22E
EBIT	116	(90)	334	665
Net interest	23	(10)	(33)	(35)
Tax paid	0	0	0	0
Working capital	(19)	40	(55)	(132)
Other cash & non-cash items	105	99	132	186
Operating cash flow	224	40	378	684
Capex	(67)	(186)	(654)	(802)
Free cash flow to the firm	157	(146)	(276)	(118)
Investing cash flow	(67)	(1,034)	(592)	(743)
Equity raised	0	0	0	0
Dividends paid	0	0	0	0
Financing cash flow	237	1,578	(64)	(64)
Total cash flow	394	583	(278)	(123)
Adjustments	(5)	(61)	0	0
Net change in cash	389	522	(278)	(123)
Per share				
	12/19A	12/20E	12/21E	12/22E
Shares (wtd avg.) (mn)	1,618	4,516	4,516	4,516
EPS (Credit Suisse) (HK\$)	0.05	(0.01)	0.07	0.12
DPS (HK\$)	0.00	0.00	0.00	0.00
Operating CFPS (HK\$)	0.14	0.01	0.08	0.15
Earnings				
	12/19A	12/20E	12/21E	12/22E
Growth (%)				
Sales revenue	15.0	(55.8)	276.0	48.2
EBIT	75.5	(177.9)	471.2	99.1
EPS	891.3	(123.6)	658.1	84.8
Margins (%)				
	12/19A	12/20E	12/21E	12/22E
EBITDA	40.3	1.0	48.3	60.9
EBIT	21.7	(38.2)	37.7	50.7
Valuation (x)				
	12/19A	12/20E	12/21E	12/22E
P/E	18.7	(79.5)	14.2	7.7
P/B	1.04	1.33	1.22	1.05
Dividend yield (%)	0.0	0.0	0.0	0.0
EV/sales	6.8	13.3	3.8	2.6
EV/EBITDA	17.0	1304.4	7.9	4.3
EV/EBIT	31.6	(34.9)	10.1	5.2
ROE analysis (%)				
	12/19A	12/20E	12/21E	12/22E
ROE	5.7	(2.2)	9.0	14.7
ROIC	8.2	(4.8)	12.6	19.8
Credit ratios				
	12/19A	12/20E	12/21E	12/22E
Net debt/equity (%)	(31.3)	(32.7)	(23.4)	(18.1)
Net debt/EBITDA (x)	(2.97)	(475.07)	(2.12)	(1.04)

Source: Company data, Refinitiv, Credit Suisse estimates

Company Background

Summit Ascent has an integrated resort named Tigre de Cristal located in the IEZ Primorye of the Russian Far East. The property has both gaming and hotel operations.

Blue/Grey Sky Scenario



Our Blue Sky Scenario (HK\$)

2.10

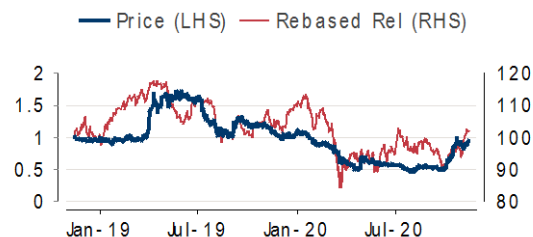
Our blue sky scenario valuation of HK\$2.1 is based on 12x normalised FY22E EBITDA of the operation of Tigre de Cristal casino, comparing to a 9x multiple in our base case, and factoring in the value of the Suntrust development.

Our Grey Sky Scenario (HK\$)

1.20

Our grey sky scenario valuation of HK\$1.2 is based on 7x normalised FY22E EBITDA of the operation of Tigre de Cristal casino, but not factoring in the value of the Suntrust development.

Share price performance



The price relative chart measures performance against the HANG SENG INDEX which closed at 26,156.86 on 13-Nov-2020

On 13-Nov-2020 the spot exchange rate was HK\$7.75/US\$1

Global Valuation Comparison

Figure 7: Global gaming valuation comparison

Company	Ticker	Market Cap (US\$'mn)	Price (L.c.)	CS Rating	TP (L.c.)	P/E (x)				EV/EBITDA (x)				FCF yield (%)				Dividend yield (%)			
						2019A	2020E	2021E	2022E	2019A	2020E	2021E	2022E	2019A	2020E	2021E	2022E	2019A	2020E	2021E	2022E
Russia																					
Summit Ascent	0102.HK	553	0.95	OUTPERFORM	1.8	18.7	n/a	14.2	7.7	17.0	n/a	7.9	4.3	10.2	(3.4)	(6.4)	(2.7)	-	-	-	-
Macau																					
Melco Resorts	MLCO.OQ	8,768	18.1	NEUTRAL	17.8	23.8	n/a	n/a	29.5	7.8	n/a	15.7	9.4	4.4	(13.5)	(4.6)	5.4	3.5	-	-	3.7
Melco Int'l	0200.HK	2,819	14.4	NEUTRAL	14.8	32.3	n/a	n/a	46.4	4.2	n/a	10.1	5.8	23.2	(32.4)	(9.4)	30.4	0.6	-	0.6	0.6
Galaxy	0027.HK	33,188	59.3	NEUTRAL	57.4	19.7	n/a	38.7	22.9	13.0	n/a	22.1	13.2	5.8	(3.8)	1.1	3.5	1.5	-	0.8	1.3
Sands China	1928.HK	34,276	32.9	NEUTRAL	32.3	16.8	n/a	37.2	17.6	12.2	n/a	19.5	12.3	5.3	(6.4)	3.1	6.2	3.0	-	2.2	2.1
MGM China	2282.HK	5,332	10.9	NEUTRAL	10.6	21.5	n/a	n/a	32.9	9.7	n/a	17.4	10.5	7.2	(7.7)	6.7	11.0	1.6	-	-	1.0
SJM	0880.HK	6,721	9.2	NEUTRAL	9.8	16.2	n/a	58.5	13.9	12.7	n/a	18.9	8.9	(2.7)	(13.6)	3.6	13.1	3.3	-	0.9	3.6
Wynn Macau	1128.HK	8,915	13.3	UNDERPERFORM	10.9	13.6	n/a	101.7	20.0	9.9	n/a	18.1	11.3	5.5	(11.3)	3.0	7.2	3.4	-	-	2.4
Macau sector		64,013				17.7	n/a	n/a	20.5	11.1	n/a	18.5	11.3	4.5	(8.9)	2.4	7.4	3.0	-	1.2	2.5
Non-Macau Asia																					
Belle Corporation	BEL.PS	326	1.6	NEUTRAL	1.3	5.9	32.2	8.9	n/a	4.4	12.7	5.9	5.0	19.6	14.4	8.1	14.4	7.4	8.5	7.9	8.3
Premium Leisure Corp	PLC.PS	269	0.4	NEUTRAL	0.4	5.8	103.8	12.2	n/a	4.7	66.2	9.1	n/a	20.2	(2.0)	9.9	n/a	12.1	8.5	6.2	n/a
Bloomerry Resorts Corporation	BLOOM.PS	1,888	8.3	OUTPERFORM	9.0	9.2	(13.6)	24.8	12.8	6.0	28.6	7.5	6.0	10.9	(7.5)	11.6	10.3	1.8	-	-	-
Philippines																					
Kangwon Land	035250.KS	4,336	22,450	OUTPERFORM	26,000	13.6	(24.1)	19.7	14.1	8.3	(14.4)	39.7	15.4	7.2	(10.2)	(0.8)	2.1	4.0	3.6	0.9	2.6
Paradise	034230.KQ	1,162	14,150	OUTPERFORM	16,000	79.9	(15.1)	(942.1)	27.8	15.1	159.8	30.7	16.7	6.0	8.0	2.9	3.0	0.7	0.9	1.1	1.1
Grand Korea Leisure	114090.KS	785	14,050	NEUTRAL	14,000	12.0	(19.1)	24.7	11.9	6.2	(35.8)	(244.2)	10.7	12.9	(7.5)	8.2	11.0	4.7	3.2	3.2	4.1
South Korea																					
NagaCorp Limited	3918.HK	5,246	9.4	OUTPERFORM	12.0	10.1	37.4	12.8	n/a	7.8	18.6	9.1	n/a	4.6	1.6	6.7	n/a	7.0	1.6	4.7	n/a
Genting Malaysia Bhd	GENM.KL	3,507	2.4	OUTPERFORM	2.8	10.3	(15.0)	17.6	8.8	6.7	59.8	9.6	6.8	0.4	(7.5)	8.9	14.7	8.2	7.3	7.3	7.3
Genting Singapore	GENS.SI	6,693	0.7	NEUTRAL	0.7	12.8	150.3	19.8	12.6	4.5	16.2	7.9	5.6	10.2	(4.1)	(0.1)	3.1	5.4	4.7	4.7	4.7
Genting Berhad	GENT.KL	3,572	3.8	OUTPERFORM	5.4	6.2	15.9	8.4	6.6	5.1	10.0	7.6	7.0	1.7	(59.2)	(28.9)	(21.9)	5.8	0.9	1.8	2.3
Other Asia		13,772				14.3	87.6	21.2	10.1	8.2	32.8	11.7	6.3	7.2	(18.7)	(2.7)	(0.4)	8.9	5.0	6.4	4.7

Company	Ticker	Market Cap (US\$'mn)	Price (L.c.)	CS Rating	TP (L.c.)	P/E (x)				EV/EBITDA (x)				FCF yield (%)				Dividend yield (%)			
						2019A	2020E	2021E	2022E	2019A	2020E	2021E	2022E	2019A	2020E	2021E	2022E	2019A	2020E	2021E	2022E
Australia																					
Aristocrat Leisure	ALL.AX	15,170	32.6	OUTPERFORM	30.0	23.2	43.9	28.0	20.0	14.4	21.5	16.1	12.5	4.0	2.2	4.7	5.3	1.7	-	2.2	2.2
Crown	CWN.AX	4,711	9.6	OUTPERFORM	10.4	17.6	40.4	(75.8)	29.0	8.2	14.7	33.1	10.1	3.7	(6.5)	(7.8)	10.3	6.3	3.1	-	6.3
Star Entertainment Group	SGR.AX	2,539	3.8	OUTPERFORM	3.9	15.6	28.8	24.9	22.4	8.0	11.5	9.9	9.2	8.5	0.4	9.1	10.1	5.4	2.8	-	3.2
Tabcorp Holdings	TAH.AX	6,638	4.1	OUTPERFORM	4.4	20.4	30.6	28.2	22.7	11.1	12.5	10.8	9.6	7.3	6.7	7.1	8.2	5.4	2.7	1.7	3.6
Overall		29,058				21.0	39.0	10.9	22.3	12.1	17.5	17.1	11.1	5.1	1.7	3.6	7.2	3.6	1.4	1.5	3.3

Company	Ticker	Market Cap (US\$'mn)	Price (L.c.)	CS Rating	TP (L.c.)	P/E (x)				EV/EBITDA (x)				FCF yield (%)				Dividend yield (%)			
						2019A	2020E	2021E	2022E	2019A	2020E	2021E	2022E	2019A	2020E	2021E	2022E	2019A	2020E	2021E	2022E
US																					
Las Vegas Sands Corp.	LVS	44,516	58.3	OUTPERFORM	58.0	15.4	(25.4)	57.2	18.6	10.5	(156.5)	17.5	11.1	3.9	(6.2)	3.2	6.9	5.2	1.3	5.3	5.3
MGM Resorts	MGM	12,793	25.9	NEUTRAL	23.0	6.7	(13.2)	(22.6)	40.3	7.2	(195.7)	10.4	6.2	3.9	(13.2)	1.7	8.8	-	-	-	-
Wynn Resorts	WYNN	9,945	92.2	NEUTRAL	80.0	35.4	(4.7)	(19.0)	238.9	10.8	(47.5)	20.0	12.1	(1.6)	(15.2)	(0.5)	(0.7)	4.1	1.1	2.2	4.3
Boyd Gaming	BYD.N	3,883	34.8	Not Covered	n/a	19.4	(248.6)	15.9	13.2	8.6	12.7	8.4	7.3	3.0	1.2	4.1	4.3	0.8	0.1	0.4	0.8
Overall		71,136				16.8	(32.5)	30.0	53.0	9.9	(139.1)	16.1	10.2	3.1	(8.3)	2.5	6.0	3.9	1.0	3.6	4.0

Source: Refinitiv Datastream, Credit Suisse estimates; Note: pricing as of 13 Nov 2020

Executive summary

Small base but big potential

Summit Ascent opened the Tigre de Cristal in 2015, which is the first and currently the largest casino resort in the Integrated Entertainment Zone (IEZ) of Primorye Region, Russian Far East. Summit Ascent's operation is conducted through its 67.5% equity interest in Oriental Regent Limited (ORL), which holds a gaming license for an indefinite period. With a casino cluster on the way in the IEZ, we see strong potential for Tigre de Cristal with support from its key shareholder, Suncity Group. Suncity (1383.HK) has increased its control from 29.77% to 69.7% and become the single largest shareholder in this year. Suncity is the largest junket globally that helps build direct VIP and premium mass business for the casino. Suncity has also performed a series of operational and product upgrades to allow the casino to better cater to the needs of the players. Positioned to attract non-Chinese demand. Nearby, Vladivostok is an attractive place for North East Asian tourists, especially from South Korea and Japan. Since Kangwon Land casino is the only place where Korean nationals are allowed to gamble in Korea, the geographical proximity allows IEZ to be another option for the patrons. In fact, the Koreans have accounted for the largest portion of Suncity's overseas members.

Summit Ascent operates the largest casino in IEZ with support from Suncity Group. Not only the Chinese players, it is also well positioned to capture non-Chinese demand on geographical proximity.

A niche market with new growth drivers

A high-end demand led recovery off a small base: Summit Ascent will start to build its direct VIP business starting 2021, with its strong balance sheet as a support. To better leverage the under-utilised hotel rooms, Suncity has also proposed to help set up a new premium mass area for the casino. We forecast its GGR to grow 3.5x/81% in 2021/2022E, which should be achievable accounting for only 2%/4% of Suncity's pre-Covid level GGR. After a series of investments and increase in stake through a rights issue this year and higher commission over Russia, it makes economic sense for Suncity to bring in more of its business to the casino.

We see a high-end demand led recovery off a small base for Summit Ascent, with multiple advantages over its Macau peers.

Several advantages over its Macau peers: (1) No casino license renewal risk, vs Macau due for renewal in June 2022 with terms yet to be confirmed; (2) Effective gaming tax as low as 2% on GGR, vs Macau's 39%, based on a fixed levy on each gaming unit deployed; (3) Favourable cost structure makes the casino more defensive during downcycle, and a higher EBITDA flow through when GGR recovers; (4) Higher junket commission, as high as 70% on GGR vs Macau's 42.5%, given lower gaming tax; (5) Higher margin despite relatively small business; (6) Less reliance on Chinese, but would be an upside option. The casino has already turned positive EBITDA even with the border still closed, as the local mass demand can cover the operating cost.

Future growth option from TC Phase II and Philippines

Summit Ascent is well positioned to capture future earnings growth from: (1) Tigre de Cristal Phase II that will triple gaming capacity with target opening by phases in 2022. (2) Exposure to Filipino casino through an investment in Suntrust (SUN.PS, and 51% stake held by Suncity Group). Suntrust is currently co-developing the Westside City Project in Manila, where GGR had seen a strong 15% CAGR over past decade. The long operational history and local client connections of Suncity should help deliver solid EBITDA. The company holds a 6% coupon convertible bond for Suntrust, and up to 25% holding can be converted any time before 2025. It has also expressed interest in going up to 51% later, leaving an upside option beyond 2023.

Tigre de Cristal Phase II and its exposure to Filipino casino offer future growth option.

Attractive risks-reward

We initiate coverage of Summit Ascent with an OUTPERFORM rating and a target price of HK\$1.80. Our SOTP valuation methodology includes the core casino operation at 9x of 2022E normalized EBITDA and 25% stake of Suntrust development through the convertible bond. Summit Ascent is trading at 4x normalised EBITDA, compared with the 11x of its Macau peers. We believe its robust growth outlook (off a small base relative to its regional peers), upside option from its Phase 2 opening, and stake in Philippines casino would be re-rating drivers. **Investment risks**: Slower-than-expected tourism recovery to Vladivostok, unexpected new project delay, and intensified regulatory tightening on cross-border gambling activities.

Initiate with an OUTPERFORM rating and a TP at HK\$1.80. We see the robust growth outlook, upside option from its Phase 2 opening and stake in Philippines casino would be re-rating drivers.

Small base but big potential

One of the largest integrated resorts in Russia

The gaming and hotel operation of Summit Ascent is conducted through its 67.5% equity interest in Oriental Regent Limited. The company also receives a management fee income calculated at 3% of the total gaming revenue, net of rebates, from Tigre de Cristal casino.

The casino operator holds a gaming license granted by the Russian government for an indefinite period in the Integrated Entertainment Zone (IEZ) of the Primorye Region of the Russian Far East, being the largest of five designated zones in the Russian Federation where gaming and casino activities are legally permitted. Tigre de Cristal is the first gaming and hotel property in the Primorye IEZ, built on Lot 9 and opened for business in the fourth quarter of 2015. The company has the development rights on three adjacent parcels of land, namely Lot 8, Lot 9 and Lot 10, with site area of approximately 73,000 square meters, 90,000 square meters and 154,000 square meters respectively.

Tigre de Cristal is one of the largest integrated resorts in the Russian Federation. There are approximately 36,000 sq. m. of gaming and hotel space, offering a broad range of gaming and options on a 24/7 basis. TC Phase 1 includes a 5-star hotel with 121 rooms, 333 slots machines, 35 VIP tables, 30 mass tables, F&B restaurants, golf zone, karaoke rooms, spa centre, gym and retail spaces with luxury and lifestyle brands.

Summit Ascent operates the Tigre de Cristal casino, which is the first gaming and hotel property opened in IEZ.

Figure 8: Tigre de Cristal – Gaming hall



Source: Company data

Figure 9: Tigre de Cristal – Entertainment amenities



Source: Company data

Figure 10: Tigre de Cristal – Hotel room



Source: Company data

Figure 11: Tigre de Cristal – F&B area

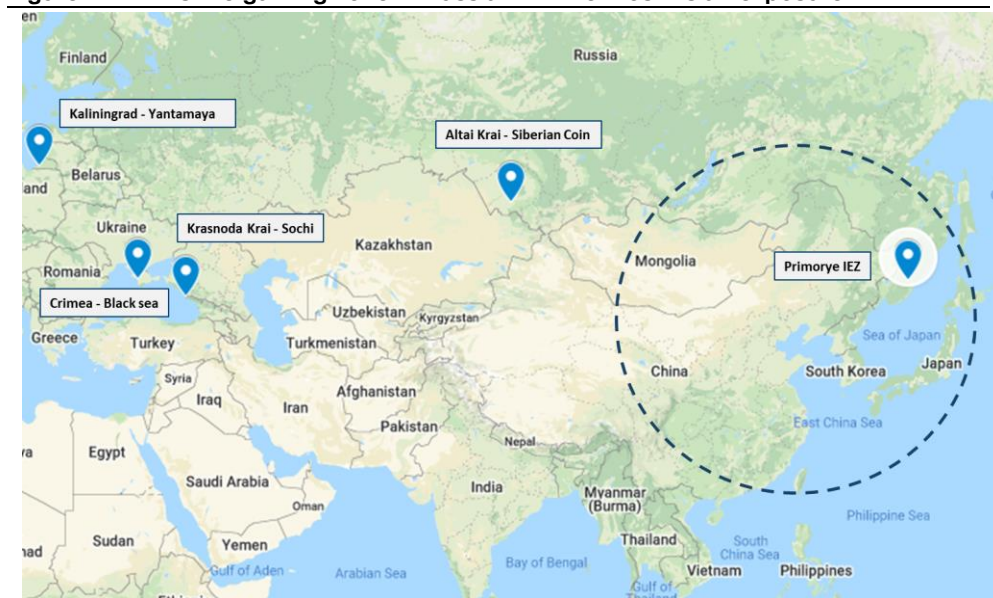


Source: Company data

There is a casino cluster on the way in the IEZ. Back in 2009, the Russian government set up four gaming zones in the country, requiring casino operation to be licensed as an entry barrier to the industry. Primorye is the only gaming zone with an Asian exposure aiming to unleash the full potential of the tourism industry in the Far East. Instead of being the sole casino operating in the zone so far, Tigre de Cristal has finally started to see three more operators will be opening their casinos gradually over the next couple of years. This year, a Russia-based operator, Shambhala, has opened the second casino in the zone for its phase 1 in a relatively smaller scale and with its phase 2 scheduled to start in 2022. The phase 1 of Shambhala casino has a gaming space of 5,200 sq. m., around 15% the size of Tigre de Cristal, which has 50 gaming tables and 500 slot machines. The third casino in the zone is currently under construction by a Cambodia-based casino operator, NagaCorp (3918.HK, OP), aiming to open in 2022.

IEZ is the gaming zone in Russia that has the most Asian exposure.

Figure 12: IEZ is the gaming zone in Russia with the most Asian exposure



Source: Google map

We see the new comers all have a different background with their existing operations in various tourist destinations, including Cambodia, Macau, and locally in Russia. There would be more competition among the operators given they might compete for the local Russian players in the IEZ, but there is also a growing market arising from tourism as the Russian government is turning the place into a key tourist destination in the Far East. After all, we believe that Summit Ascent can stand apart from its peers with: (1) support from its key shareholder, Suncity Group; and (2) the geographical proximity to tap into the South Korea and Japan markets. After all, a casino cluster will help attract visitation to the area (e.g., Macau's Cotai Strip and Manila's Entertainment City) as more holistic facilities set as a whole.

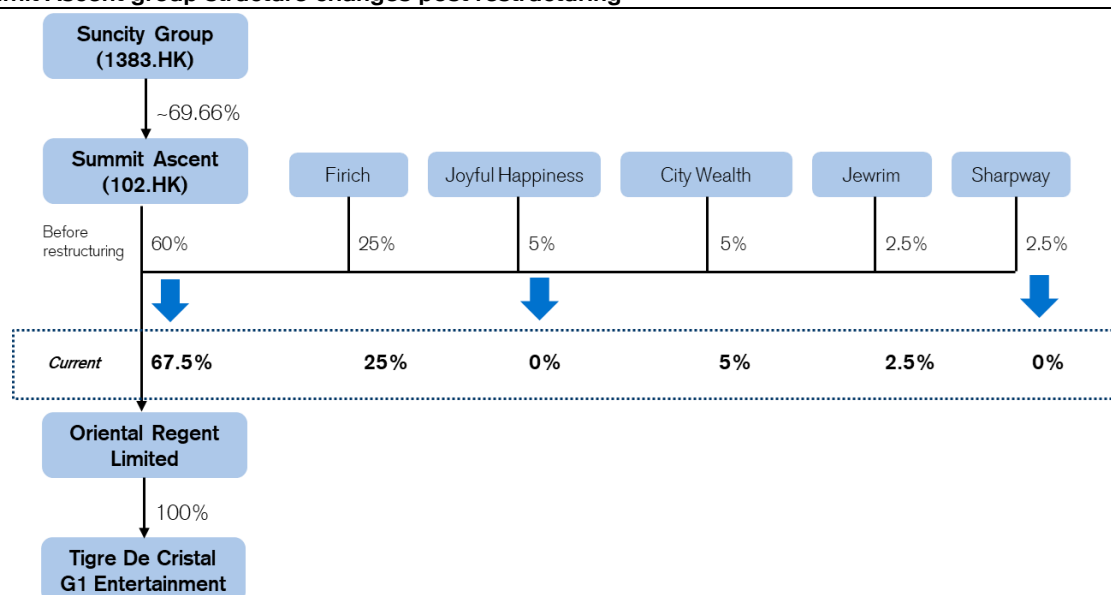
Figure 13: Development plan of the casino operators in Primorye IEZ

	Tigre de Cristal Phase 2	Shambhala	Primorsky Entertainment Resort City
Operators	Summit Ascent	Shambhala	Naga (1928.HK)
CAPEX	US\$250-300 mn	US\$125 mn	US\$350 mn
Estimated completion	2022	Phase I opened in Oct-2020; Phase II in 2022	Summer 2021
Gross floor area (sq. m.)	60,500	5,200 in Phase I 42,000 in Phase II	55,000
Room inventory	500	270	300
Gaming tables	75	50	100
Slot machines	300	500	500

Source: Company data, GGRAsia

Support from its key shareholder Suncity Group

Figure 14: Summit Ascent group structure changes post restructuring



Source: Company data

On the parentco level: In April 2019, Suncity Group Holdings Limited (1383.HK) purchased 29.77% of Summit Ascent. After a series of investments and increase in stake through a rights issue, it now controls 69.7% of Summit Ascent and has since become the single largest shareholder of the company. The total investment cost is HK\$2.4 bn or HK\$0.77 per share.

On subsidiary level: After the capital injection and increase in controlling stake in the company level, the company is also injecting capital into Oriental Regent Limited (ORL) to kick-start the construction for the Phase 2 project. On 30 Oct 2020, Summit Ascent proposed a new capital injection of US\$65 mn to ORL. Two of the shareholders of ORL chose to sell 7.5% stake in ORL to Summit Ascent for a consideration of US\$5.4 mn cash and US\$3 mn of zero coupon CB with conversion price at HK\$3.5, respectively. This took Summit Ascent's share of the casino interest (through ORL) from 60% to 67.5%.

If the other shareholders choose not to match the investment, there is an opportunity for Summit Ascent to take its control of ORL ultimately up to 89.3%.

In essence, after a series of transactions and restructuring, Suncity Group now controls the majority stake in Summit Ascent, which also controls a majority stake in the Tigre de Cristal casino through ORL. In short, the interest of Summit Ascent aligns with the interest of Suncity as a whole.

Suncity now owns 69.7% of Summit Ascent, in which it has 67.5% control in Oriental Regent Limited that holds the Tigre de Cristal casino. The interests are more aligned after a series of investments and increased control through right shares.

Figure 15: Timeline of restructuring on parentco and subsidiary level

Date	Events on parentco level
Apr-2019	Suncity Group purchased 29.77% of Summit Ascent (SA) with total investment of HK\$812 mn (446 mn shares purchased at average price of HK\$1.8).
Jun-2020	SA proposed right issues for HK\$1.6 bn (2.7 bn shares at HK\$0.6 per share). 1. Suncity is committed for 670 mn shares and agrees to fully underwrite the remaining shares. 2. The HK\$1.6 bn proceeds will be used in the future for TC Phase II (HK\$601 mn), right shares subscription to Suntrust (HK\$847 mn), and general working capital (HK\$170 mn)
15-Oct-2020	Suncity Group own 69.7% of SA post right issue and SA net cash reached HK\$2.4 bn.
Date	Events on subsidiary level
Prior to 30-Oct-2020	SA owned 60% of Oriental Regent Limited (ORL)
30-Oct-2020	SA proposed a US\$65 mn new capital injection to ORL that: 1. Existing shareholders to subscribe in proportion for new ORL shares 2. Joyful chose to sell its 5% stake to SA for US\$5.4 mn cash 3. Sharp Way chose to sell its 2.5% stake to SA for US\$3 mn zero coupon CB with conversion price at HK\$3.5
Current (confirmed)	SA now owns 67.5% of ORL and potentially increased to 89.3% if other shareholders do not participate the capital injection.

Source: Company data

With Suncity being the company's majority shareholder, we see Tigre de Cristal would enjoy several advantages:

- **Suncity is the largest junket globally that has the knowhow of the business**, with its business spreading across Macau, the Philippines, Cambodia, Korea and Vietnam. It has a lot of experience operating high-end VIP and premium gaming businesses in the region. As it directly services the players, it has a strong understanding of what the high-end players want and what suits them the most.
- **Suncity has a database of 180,000 gaming patrons who are all potential players to Summit Ascent.** It is estimated it has direct connections with 30% of these gaming patrons. This offers the unparalleled opportunity for Summit Ascent to tap into the vast database and build its direct VIP business as well as premium mass business in the not yet fully developed market.
- **Suncity has also been the biggest organiser and sponsor of major events in Macau, offering synergies to the casino business.** Such events include the Macau Grand Prix, Miss Macau contest and many concerts. This allows Summit Ascent to provide full gaming and non-gaming solutions to the players, in which it has been never comparable to its Macau peers;
- **Sharing strong brand reputation as an intangible asset, but without cost.** As the biggest junket globally with over 10 years of operating history, together with the ownership of physical hardware assets (casino properties), Suncity has already established trust and reputation within the gaming industry with the high-end players. This is an important success factor as a casino operator.
- **Comprehensive technical operation support on the ground.** As Suncity has a deep experience, it understands the players' needs and favours. Since it has been a shareholder of Summit Ascent, it has performed a series of operational and product upgrades in the casino to allow it to better cater to the needs of the players. These include a renovation of the gaming floor and changing the menu of the restaurants. There will be a few more new F&B facilities to be added, and these would be available over the next few months.

Suncity as a 70% majority shareholder provides several advantages to Tigre de Cristal casino over expertise, client base, non-gaming support, brand reputation and operations.

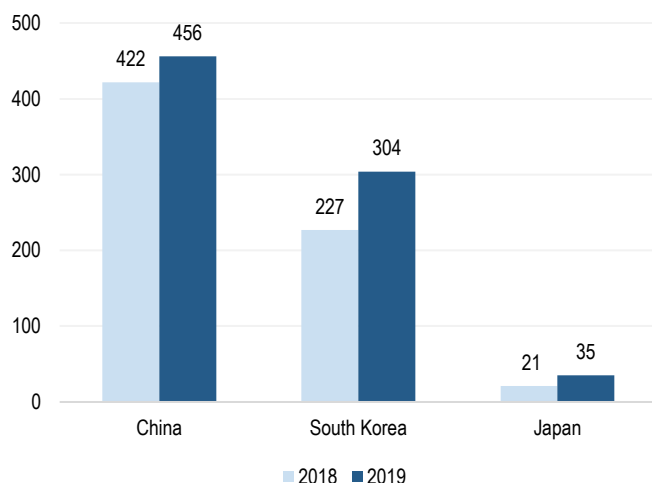
Positioned to attract the non-Chinese demand

As we have discussed, the IEZ is yet to be fully developed, with more casinos on the way to being built over the next couple of years. But, that said, the international tourist arrival to Primorye Region has started to experience a rapid growth, from 108,000 in 2014 to 941,000 in 2019, based on data from Primorye Territory Department for International Cooperation and Tourism and Federal State Statistics Bureau. The figures also reflect that the Korea and Japan markets have become new growth drivers for the Primorye Region. The total inbound visitation from Korea to Vladivostok has gone from 226,849 in 2018 to 304,000 in 2019, representing a sharp increase of 34% YoY. The visitors from Japan are up a strong 67% YoY to 35,000 too.

In fact, we see Vladivostok, the capital city of the region, is an attractive place for North East Asian tourists, especially Korean visitors. Since Kangwon Land casino is the only place where Korean nationals are allowed to gamble in Korea, the geographical proximity allows Vladivostok to be another option for those with gaming and entertainment needs.

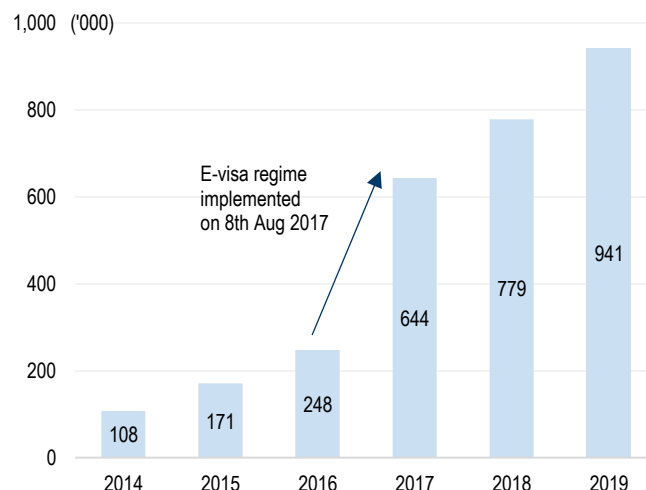
Inbound visitation to Primorye has seen rapid growth especially from South Korea and Japan, which would be a major source of players.

Figure 16: Tourists from South Korea and Japan have become the new growth driver in recent years



Source: Primorsky Territory Department for International Cooperation and Tourism

Figure 17: Tourists are on the rise, with the e-visa regime starting 2017 as a key



Source: Primorsky Territory Department for International Cooperation and Tourism

Looking ahead, we believe that Korean and Japanese visitors have great potential to become significant economic pillars to Tigre de Cristal.

- **Favourable visa policy encourages tourists from surrounding areas to visit.** There are 60-day visas available free for Koreans, 30 days for Macanese and Thais, and 14 days for Hong Kong permanent residents. The simplified visa regime commenced on 8 August 2017. Chinese, Japanese, North Korean and Singaporean tourists can apply for 8-day free e-visa to Vladivostok and Primorye. The waiting time for an e-visa approval is four days at most, which increases the desire to travel to Vladivostok. A single-entry electronic visa valid for the whole country will be available from the beginning of 2021. No documents are needed for the purpose of the trip. The period of stay in Russia for foreign citizens travelling with an e-visa increases from 8 to 16 days.

The new visa policy greatly brings further convenience to the tourists. Besides, infrastructure substantially improves the connectivity of Vladivostok with surrounding markets, especially flight frequency, which is the key to attracting tourists. Since 2010, the Russian government has spent nearly US\$30 bn on local infrastructure. There are 82 direct flights to Vladivostok per week. Apart from the airways, tourists can also arrive at Vladivostok by rail, cruises, cross-border coaches or rental cars.

Visa policy is favourable to attract tourists from the surrounding regions.

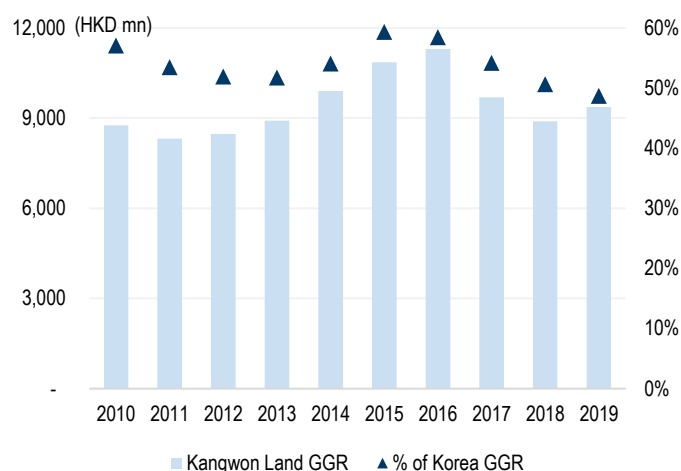
Figure 18: Favourable visa policy to stimulate regional tourism

60 days visa free	30 days visa free	14 days visa free	8 days free tourist
South Korea	Macau Thailand	Hong Kong	China Japan Singapore North Korea

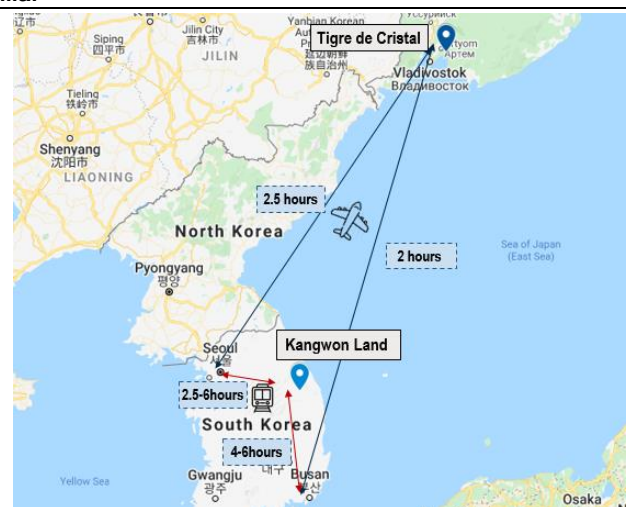
Source: Russia tourism department

- Spillover benefit from Korea casinos:** Located in Gangwon-do, Kangwon Land Casino is the only casino that the Korean nationals are allowed to visit. In 2019, GGR generated by Kangwon Land was approximately US\$1.3 bn, with an increase of 5.8% YoY. The GGR contribution of Kangwon Land accounted for more than half of the total Korea casino market while the other 16 casinos just accounted for 49%. Kangwon Land casino has a proven track record of stable GGR. From 2010 to 2019, Kangwon Land casino stably generated near or even more than half of the total GGR. Kangwon Land Casino is located 114 km away from Seoul. The travel time to Vladivostok by train is around 2.5 hours while flight time is around 2 hours and 20 mins. It just takes 2 hours to Vladivostok if starting from Busan. There are 46 direct flights to Vladivostok per week. Currently, the Kangwon Land casino is already running at full capacity. Tigre de Cristal has the potential to attract the spill-over demand from Korea, given its geographical proximity.

Well positioned to enjoy spillover benefits from the Korean market, given the geographical proximity.

Figure 19: Kangwon Land GGR constantly at over US\$1 bn and contributes over 50% of Korea GGR

Source: Company data

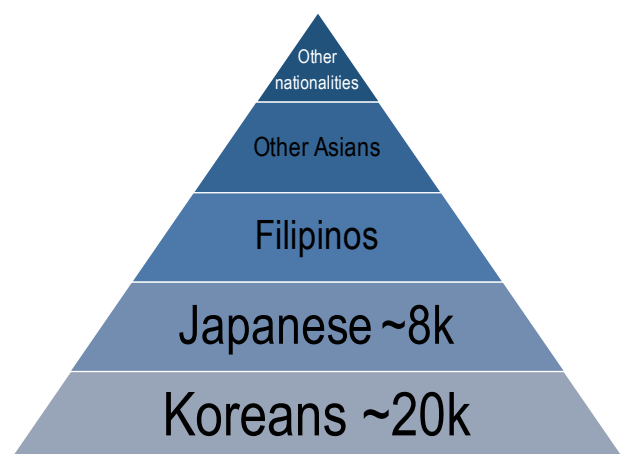
Figure 20: Travel time to Kangwon and Tigre de Cristal are similar

Source: Google map

- Tapping into the Suncity Group database:** Suncity indicated that it has over 180,000 members signed up to its membership programme, of which Koreans accounted for the largest portion of overseas members. Other than Koreans, following up are the Japanese, Taiwanese, those from Hong Kong, South East Asians including those from Malaysia, Singapore, Philippines, Thailand, Cambodia, etc. Among which, we believe Korea and Japan markets should see the strongest potential given their geographical proximity as well as high gambling propensity. This can be proven from the strong gambling demand in the Korean casinos mentioned above and the large Japanese Pachinko market.

Suncity Group has a large member base, with Koreans accounting for the largest portion of their overseas members.

Figure 21: Suncity's overseas membership has a strong Korea and Japan presence



Source: Company data

A niche market with new growth drivers

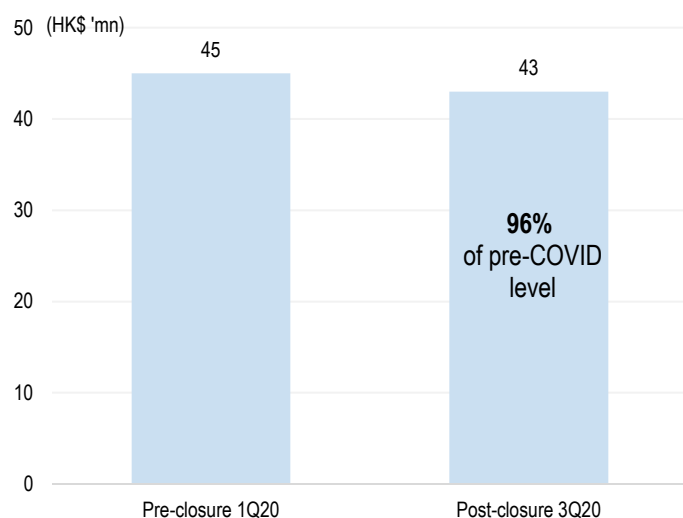
Robust revenue growth: A high-end demand led recovery off a small base

We forecast a 3.5x gross gaming revenue growth to reach US\$1.2 bn in 2021E, followed by US\$2.2 bn in 2022E. This is on the back of:

We expect a strong GGR growth on a solid local demand and new direct VIP and premium mass businesses starting from 2021

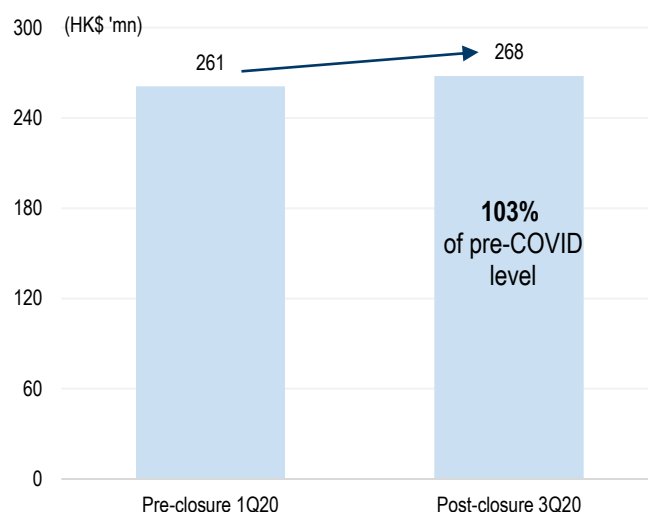
- **Base mass segment:** According to a recent 3Q20 voluntary results highlights announced by Summit Ascent, since the reopening of Tigre de Cristal from 16 July 2020, the company has recorded a relatively good recovery in the mass table and slot businesses, primarily driven by local Russians, despite flights and visa application have not resumed yet. On the back of the steady growth from domestic demand and a positive spill over from the VIP segment with support from Suncity, we expect 2021 base mass GGR to recover to US\$172 mn, or 99% of the 2019 level.

Figure 22: Mass drop already recovered to 96% of pre-COVID closure level as supported by local demand



Source: Company data

Figure 23: Slot turnover even saw a slight growth compared to pre-COVID closure level



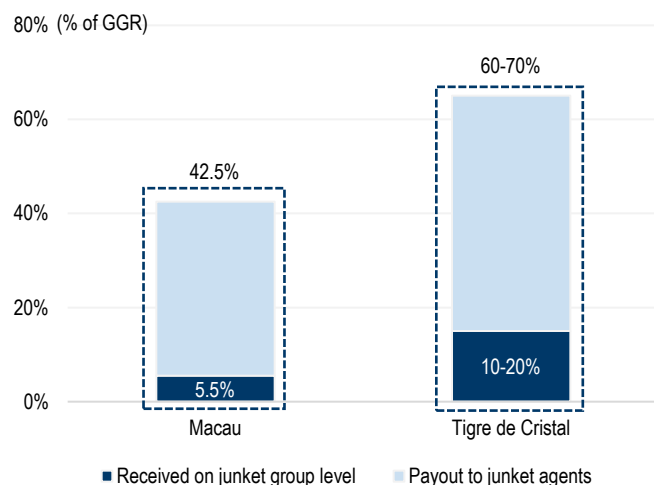
Source: Company data

- **Premium mass segment:** To better leverage on the under-utilised hotel rooms, with an occupancy rates averaged at 65% in previous years, Suncity has proposed to help setting up a new premium mass segment for the casino. Tigre de Cristal will craft out 10 tables into a designated premium mass area. With the newly introduced premium mass floor, the company will also work with some tour agencies to bring in high-end players for this segment.

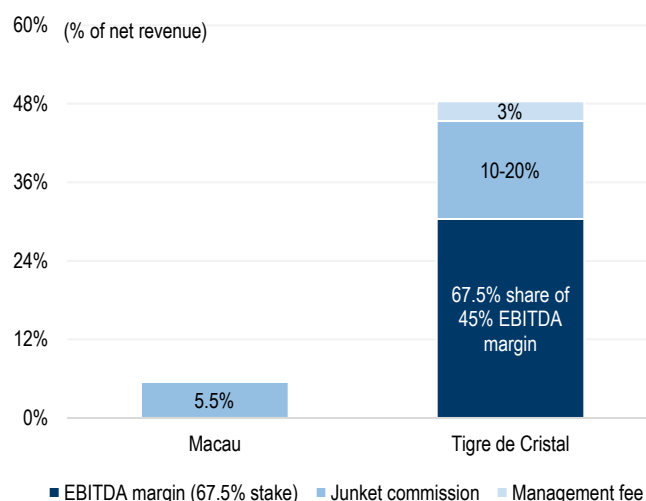
- **Junket VIP:** We believe that Suncity Group would have higher incentive to bring in business to its Summit Ascent casino in the future. This is not only because of the fact that it is a subsidiary of the Group but also due to its higher margin in nature.

For example, for a traditional VIP revenue in Macau, despite the operator will share ~42.5% of the revenue with Suncity, it will normally pay out ~37% of the share to the junket agents. This leaves them with ~5.5% revenue share at the junket level. For Summit Ascent, the company will share 60-70% of the VIP revenue with junket (including Suncity junket in Macau) and Suncity will share 50% with agents. This leaves them with 10-20% of revenue share as revenue, 2-4x more than Macau.

What's more, as Suncity Group owns the Summit Ascent, it would also benefit from the additional EBITDA earned at the casino level.

Figure 24: Junket VIP business is more attractive in Tigre de Cristal than Macau

Source: Credit Suisse

Figure 25: Suncity to benefit more in Tigre de Cristal as compared to Macau

Source: Credit Suisse

- **Direct VIP:** The company will also gradually build up its direct VIP business. Instead of sharing 60-70% of revenue with agents, the company would rebate 45% to the players. This is equivalent to 1.5% of rolling chips, a significant premium compared with the 0.8-1% for Macau.

Taking all factors into account, we have the details of our key assumptions listed below. We currently forecast a gradual normalisation of the business starting from 2Q21.

Figure 26: Summit Ascent's GGR key operation assumptions

(HKD 'mn)	2018	2019	2020E	2021E	2022E
VIP segment:					
Rolling volume	15,562	15,215	1,576	23,526	55,356
YoY % chg	-17%	-2%	-90%	1393%	135%
As % of Suncity Group volume		0.8%	0.1%	1.3%	3.1%
Junket	15,562	15,215	1,576	9,687	27,678
Direct	-	-	-	13,839	27,678
Win rate	3.1%	2.9%	3.9%	3.0%	3.0%
VIP GGR	484	441	62	706	1,661
YoY % chg	(0)	-9%	-86%	1047%	135%
As % of Suncity Group GGR		0.8%	0.1%	1.2%	2.8%
Mass segment:					
Table drop	700	751	392	1,359	1,461
YoY % chg	0	7%	-48%	247%	8%
Base mass drop	700	751	392	680	714
Premium mass drop	-	-	-	680	748
Win rate	23.8%	23.2%	24.6%	25.0%	25.0%
Mass GGR	167	174	96	340	365
YoY % chg	0	4%	-45%	253%	8%
Slot segment:					
Slot handle	2,859	3,404	2,235	3,366	3,534
Win rate	5.0%	5.5%	5.0%	5.0%	5.0%
Slot GGR	143	186	112	168	177
Total GGR	794	801	270	1,214	2,203
YoY % chg	-16%	1%	-66%	349%	81%

Source: Company data, Credit Suisse estimates

Earnings: Several advantages over its Macau peers

In our view, Summit Ascent takes several advantages over its Macau peers. First of all, Tigre de Cristal casino does not have an uncertainty on its license, and this provides a better visibility both for the operators and the investors. Besides, the low gaming tax rate allows flexibility for the casino. This not only provides a better cost structure that can help buffer the downcycle but also in return allows a higher junket commission to drive the gaming revenue higher. Last but not least, this is still a new market not being fully developed. With the experience brought by Suncity from its Macau operations, we see competitive edges for Summit Ascent over its Macau peers. In fact, Summit Ascent should see new opportunities on the diversified player mix in Vladivostok.

Several advantages over Macau peers on: (1) license; (2) gaming tax; (3) cost structure; (4) junket commission; (5) margin; and (6) players mix.

Figure 27: Tigre de Cristal advantages over Macau peers

	Tigre de Cristal	Macau
(1) License	License granted for indefinite period	Operators' license due for renewal in 2022 with terms being uncertain
(2) Gaming tax	2% effective tax rate VIP and mass: US\$1,700 per table per month; Slot: US\$101 per machine per month	39%
(3) Cost structure	TC monthly opex at US\$2.6 mn/month Dealer monthly staff cost at US\$500-600	Operators' opex at US\$45-75 mn per month Dealer monthly staff cost at US\$2,000-2,500
(4) Junket commission	~70%	42.5%
(5) Margin	~40%	~25%
(6) Players mix	Diversified with local Russians, Japanese, South Korean, and Chinese players	High reliance on Chinese players

Source: Credit Suisse

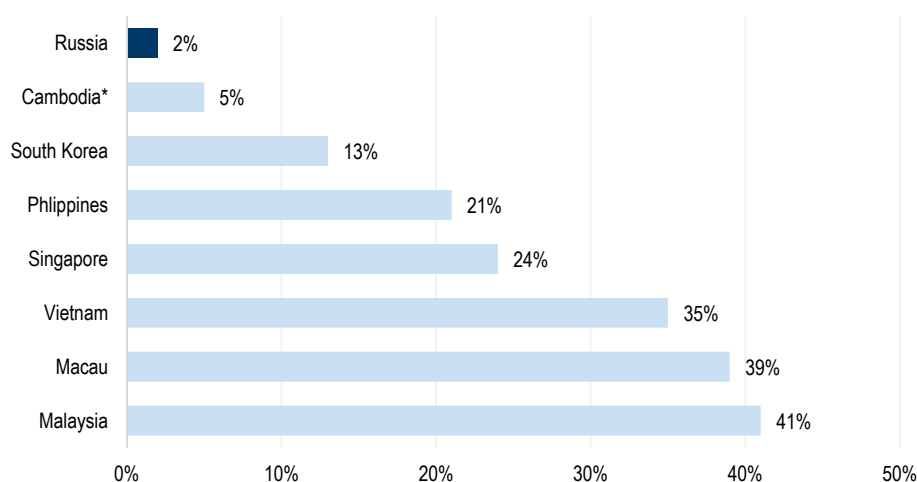
1. No casino license renewal risk

Summit Ascent through its subsidiary ORL holds a gaming license granted by the Russian government for an indefinite period, unlike Macau, where gaming license is due for renewal in June 2022 with terms yet to be certain. On a relative basis, Summit Ascent has a higher earnings visibility ahead.

2. Lower gaming tax

Russia has preferential policies and low tax rate. Unlike in Macau and most other jurisdictions in Asia, gaming tax in the Russian Federation is not levied on a portion of gaming revenue. Instead, the Russian Federation has established a gaming tax regime which is based on a fixed levy on each gaming table and gaming machine deployed in a particular period. The monthly rates per gaming table and per gaming machine were RUB125,000 (US\$1,700) and RUB7,500 (US\$101), respectively.

To put things in perspective, gaming tax on VIP gaming and mass gaming in Russia accounted for 1% and 3% of the total GGR respectively based on 2019 GGR. This is far lower than 39% gaming tax in Macau.

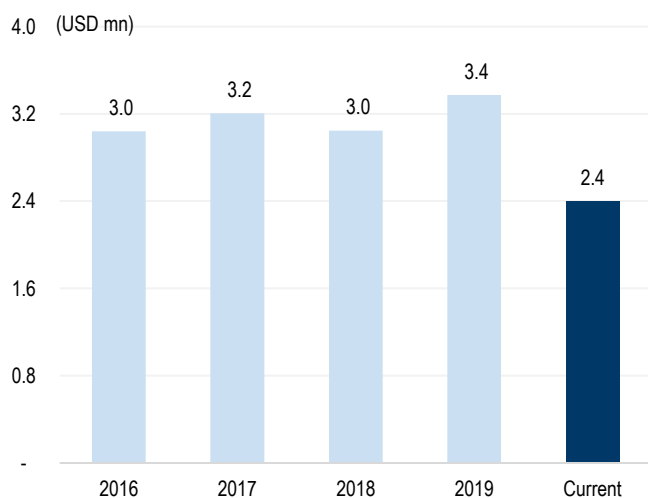
Figure 28: Russia sees effective gaming tax rate the lowest among regional peers

Source: Credit Suisse estimates, Government data; Note (*): A blended of 5% gaming tax rate is proposed under the new gaming tax bill could be adopted in 2021.

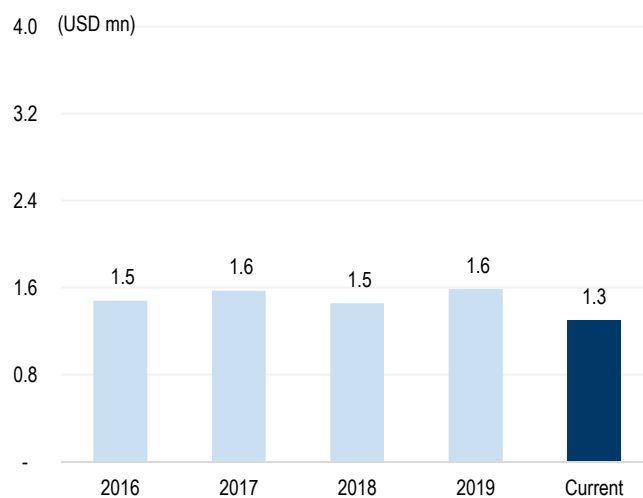
3. Favourable Cost Structure

Apart from the lower gaming tax mentioned above, TC also enjoys a much lower operating expenses. This makes them more defensive during the downcycle and enjoy a higher EBITDA flowing through when GGR recovers. The largest opex under TC lies in its staff cost. Typically, hiring a dealer in Macau costs roughly US\$2,000-2,500 per month, compared with a US\$500-600 level for a dealer in Vladivostok. Currently, there are roughly 1,055 employees employed in TC by the end of 3Q 2020.

Since the mandatory closing of the casino, the company has implemented a temporary salary cut for all staff by one-third, or arrange the staff to work on a four-day work schedule. Staff cost has been cut to US\$1.3 mn per month post-COVID-19, from previously US\$1.6 mn per month. Currently, Tigre de Cristal is running on an opex of US\$2.4 mn per month, down from the average of US\$3.4 mn per month in 2019.

Figure 29: Average monthly operating expense

Source: Company data

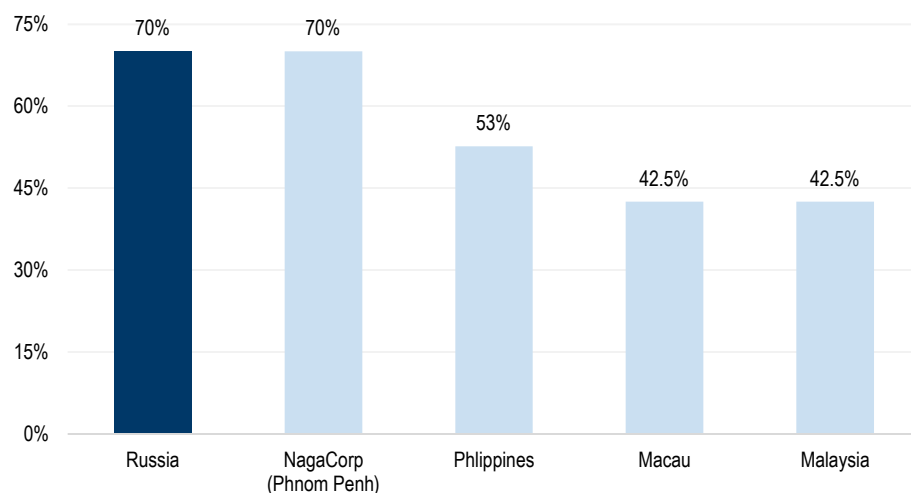
Figure 30: Average monthly staff cost

Source: Company data

4. Higher Junket Commission

Given the lowest gaming tax in Russia among the region, Tigre de Cristal has been offering attractive junket rebates since opening, even before Suncity has become its majority shareholder. In previous years, the casino has been offering junket commission at ~70% of the gross gaming revenue. Compared to Macau's 42.5%, this has been an attractive proposition for junket agents to bring customers to Tigre de Cristal for a higher commission.

Figure 31: Higher junket commission than peers to attract junkets bringing players over

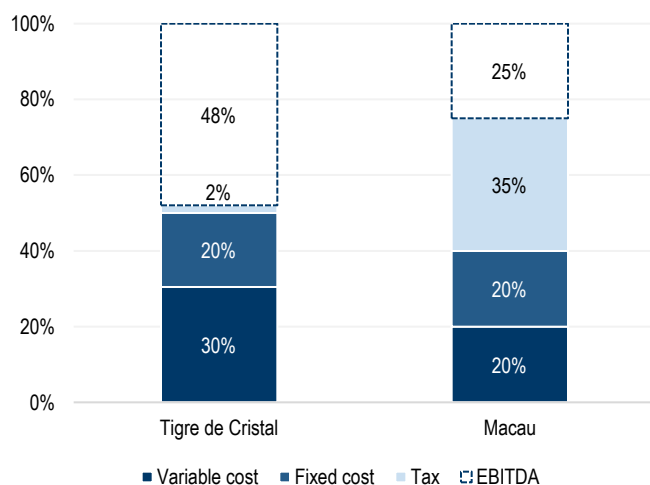


Source: Company data, Credit Suisse estimates

5. Higher margin

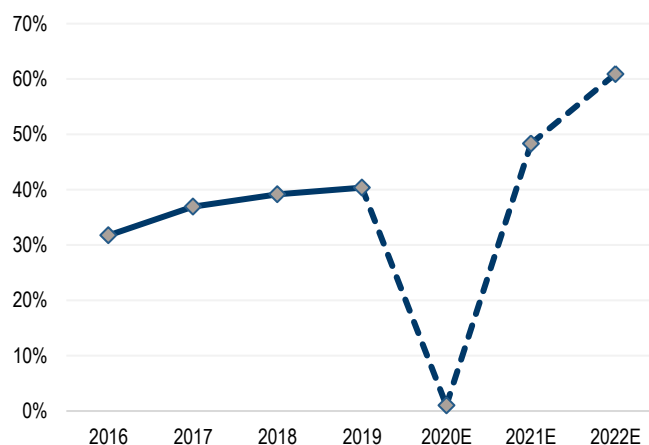
With a virtually zero tax and low cost structure, even before Suncity became a shareholder, margins are high despite a relatively small business and a higher junket commission. At a percentage of gross revenue, the EBITDA for TC has been ~22.8% and 26.8% for 2018 and 2019, respectively.

Figure 32: Cost structure advantage of Tigre de Cristal over Macau



Source: Company data, Credit Suisse estimates

Figure 33: EBITDA margin should improve on operating leverage when business recovers



Source: Company data, Credit Suisse estimates

6. Less Reliance on Chinese, but would be an upside option

With only two and a half months of operations after closure, Tigre de Cristal's slot handle recovered and even outperformed the pre-COVID-19 closure average in 1Q20. Mass table drop also recovered to 96% of the pre-COVID-19 closure average. Based on preliminary figures reported by the company, it had already turned EBITDA-positive in August and September 2020 because of the resilience of the mass table and slot businesses. Overall, the gaming revenue generated by the local mass demand can pretty much cover the operating cost.

In our view, this indicates that Tigre de Cristal is not highly reliant on a single source of travellers like Macau's casinos that rely primarily on Chinese visitors. The local Russian businesses could already help Tigre de Cristal to stay afloat in a time when COVID travel ban is still in place.

As we mentioned before, we believe that the unique position and location of Tigre de Cristal would allow it to capture the Japanese, Korea and North Part of China. As such, a frequent flight schedule and short flight time can help to improve Tigre de Cristal's visitation.

Figure 34: Flight connecting Primorsky with neighbouring cities

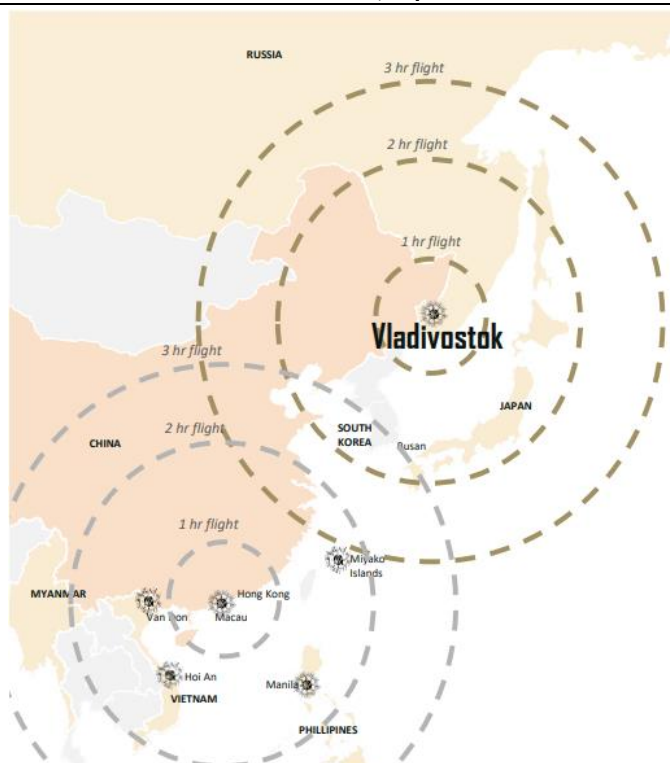
City	Country	Flight time (hour:mins)	Number of weekly flights	Population ('mn)
Seoul	South Korea	2:20	36	10.7
Busan	South Korea	2:00	10	3.6
Tokyo	Japan	2:40	12	13.8
Osaka	Japan	2:10	1	2.6
Sapporo	Japan	1:30	1	1.9
Beijing	China	2:50	7	21.5
Harbin	China	1:00	3	10.6
Yanji	China	0:40	5	0.7
Hong Kong	China	5:00	3	7.5
Shanghai	China	3:00	2	26.3
Sanya	China	5:00	2	0.6

Source: Company data

Currently, South Korea, Japan and China have direct flights to Vladivostok. Before the outbreak of COVID-19, the number of flights to Vladivostok were 82 per week, with an increase of 8% YoY. The flight time from Korea, Japan and local Russia to Vladivostok ranges from half an hour to three hours. The three-hour flight circle provides a broader addressable market to Tigre de Cristal, including Seoul, Busan, Tokyo, Osaka, Beijing, Harbin, etc.

In the future, we believe its diversified players profile would help it to see a more sustainable recovery compared with its Macau peers amid the regulatory uncertainty on China targeting overseas gambling activities.

Figure 35: Vladivostok is close to South Korea, Japan and Northeast China



Source: Company data

Figure 36: Summit Ascent's Income statement

(HKD 'mn)	2018	2019	2020E	2021E	2022E
Gross gaming revenue	794	801	270	1,214	2,203
Rebates	(375)	(319)	(40)	(390)	(955)
Hotel operation	44	51	5	61	64
Others	-	-	-	-	-
Total revenue	463	533	235	885	1,312
YoY % chg	-2%	15%	-56%	276%	48%
Other gain and losses	2	(4)	-	-	-
Gaming tax	(13)	(14)	(8)	(12)	(12)
Inventories consumed	(13)	(13)	(6)	(22)	(33)
Marketing and promotion expenses	(16)	(18)	(7)	(92)	(119)
Employee benefits expenses	(136)	(148)	(129)	(152)	(159)
Other expenses	(105)	(121)	(83)	(179)	(190)
Total operating expenses	(283)	(314)	(233)	(457)	(513)
YoY % chg	-5%	11%	-26%	96%	12%
Property EBITDA of Tigre de Cristal	181	215	2	428	799
EBITDA margin	39%	40%	1%	48%	61%

Source: Company data, Credit Suisse estimates

Strong balance sheet: structured for earnings growth

■ Account receivables remain low despite expanding direct VIP

The company will start to build its direct VIP business starting 2021 for the selected clients, for which it has a better understanding of their background and repayment ability. At this stage, we expect direct VIP to contribute ~HK\$1 bn of rolling chips a month (~1% of Suncity Group's rolling per month in 2019), and reach ~HK\$3 bn a month when the business normalises in 2022 (~4% of Suncity Group's rolling per month in 2019). At a 10x

capital to rolling ratio and assuming that the credit play for the clients would be around 50%, it would need ~HK\$50 mn/HK\$150 mn of capital on a monthly basis for 2021/2022, respectively. We currently forecast a HK\$150 mn of account receivable starting 2022.

■ Net cash balance sheet

As of 31-Oct, Summit Ascent has ~US\$312 mn of net cash on hand. Factoring in the positive contribution and slight capex for 4Q, and adjusting for the US\$5.3 mn cash for the incremental 7.5% stake in TC (Tigre de Cristal casino) and US\$109 mn (P5.6 bn) cash for the subscription for Suntrust CB, we estimated that the net cash towards the end of the year would be still solid at ~US\$150 mn or HK\$0.3/share.

Operationally, as the group has already reached breakeven with the local gaming demand, as such, we don't expect any operational cash drain. For capex, we expect the company to spend around US\$100 mn in 2022, largely offset by the positive EBITDA generated from operation. Considering the total net cash position, we believe the company can comfortably fund Phase 2 casino construction (US\$200 mn over the next two years) even if the COVID-19 situation drags longer than expected.

■ Convertible bond issued and minority interest

Summit Ascent currently holds 67.5% of ORL, the entity that holds the TC casino. In late October, the company purchased an additional 7.5% stake from the other shareholder through the consideration of US\$3 mn CB (zero coupon, five year maturity with a HK\$3.5/share conversion price) and US\$5.3 mn of cash. The company is in the process of negotiating with the other shareholder to purchase an additional stake that could potentially reach 89.29%. If completed, we expect to see an increase in balance of convertible issued, while a similar magnitude of decline in minority interest.

Figure 37: Summit Ascent's balance sheet

(HKD 'mn)	2018	2019	2020E	2021E	2022E
Cash	480	861	1,378	1,099	976
Account receivable	45	62	9	106	249
Inventories	3	3	0	4	4
Others	-	-	-	-	-
Current assets	528	925	1,387	1,208	1,228
Fixed assets	1,461	1,409	1,504	2,067	2,737
Right-of-use assets	-	7	4	2	-
Summit Ascent convertible bond	-	-	896	896	896
Others	17	32	32	32	32
Non-current assets	1,477	1,448	2,437	2,997	3,665
Short term debts	-	223	206	165	118
Trade and other payables	76	62	47	91	103
Others	-	2	2	2	2
Current liabilities	76	287	254	259	222
Long term debts	258	-	-	-	-
Sharpway Convertible Bond	-	-	23	23	23
Lease liabilities	-	5	4	4	3
Others	45	45	49	54	58
Non-current liabilities	302	50	77	81	85
Share capital	37	45	1,668	1,668	1,668
Reserves	1,213	1,599	1,545	1,846	2,402
Non-controlling interests	376	392	279	352	517
Total equity	1,627	2,036	3,493	3,866	4,587

Source: Company data, Credit Suisse estimates

Future growth option from TC Phase 2 and Philippines

On 14-Oct-2020, Suncity Group Holdings Limited announced that it has completed the rights issue of Summit Ascent, by being the underwriter of all the shares of the rights issue. The total amount raised for the rights issue was approximately HK\$1.6 bn, of which half of the proceeds will be used by Summit Ascent to invest in the Philippines through a subscription of convertible bonds in Suntrust, while the remaining would be used for the development of Tigre de Cristal Phase II, as well as for general working capital.

Figure 38: Summit Ascent investments in the Philippines and TC Phase 2

Date	Events
Jun-20	With the HK\$1.6 mn right issues proposed, the company proceeds will be used to fund: Summit Ascent announced to subscribe Suntrust convertible bond that:
Jun-20	(1) 6.0% coupon rate (2) Convert ~25% of SunTrust any time before 2025. (3) Long stop date to due on 31 Dec, 2020 with settlement yet to be paid.
Oct-20	Summit Ascent proposed a US\$65 mn new capital injection to Oriental Regent Level (that owns 100% Tigre De Cristal) with: (1) Existing shareholders to subscribe in proportion for new ORL shares (2) Joyful chose to sell its 5% stake to SA for US\$5.4 mn cash (3) Sharp Way chose to sell its 2.5% stake to SA for US\$3 mn zero coupon CB with conversion price at HK\$3.5 (4) If SA is the only subscriber for the new ORL shares, SA could own up to 89.3% of ORL ultimately)

Source: Company data, Credit Suisse

Investment in the Philippines through Suntrust

The convertible bonds that Summit Ascent invested in could be viewed as (1) a way for Summit Ascent to receive a fixed coupon as the convertible bond has an interest rate of 6% per year; (2) an upside option for Summit Ascent on top of receiving a fixed coupon; Summit Ascent also has the option to convert its holdings of the CB into 3.11 bn shares of Suntrust, redeemable any time before the five year maturity date in 2025.

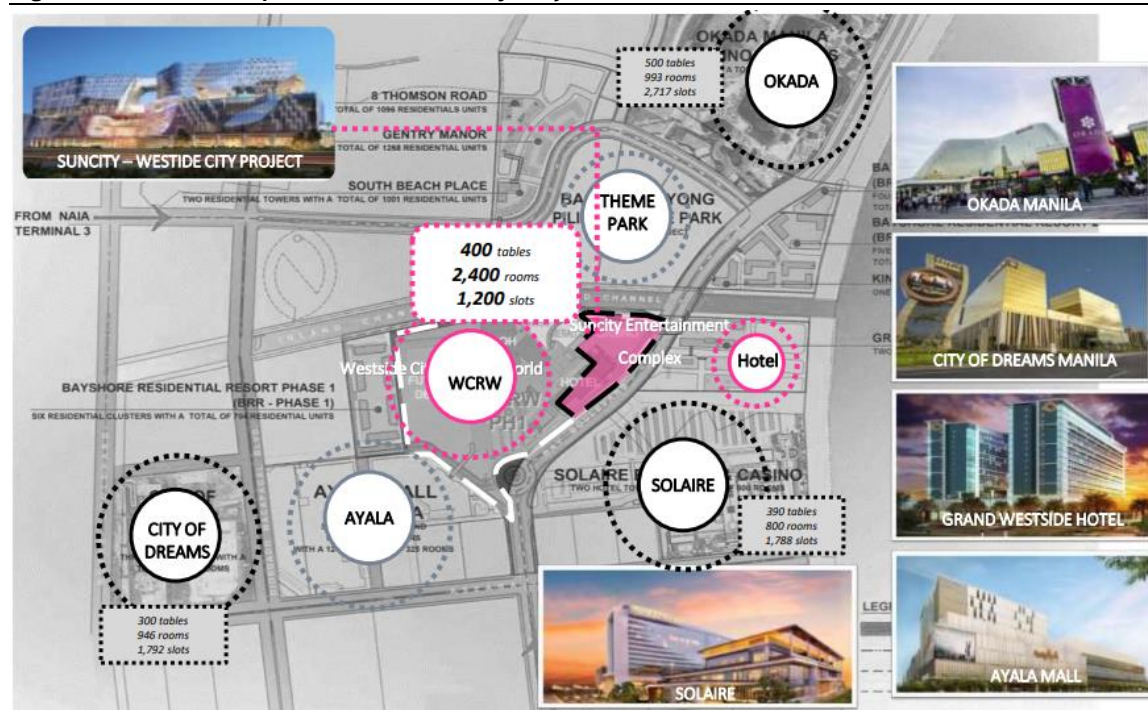
Suntrust's Westside City Project is going to be opened in 2023. If no other CB owners convert their shares, then Summit Ascent could exchange for 25% of Suntrust Home Developers. Summit Ascent's management has also indicated its interest to acquire further shares in Suntrust to 51%. Currently, Suncity Group Holdings Limited is the largest shareholder of Suntrust, followed by Megaworld.

Suntrust's background: Suntrust is a listed company in the Philippines Stock Exchange (SUN.PS) which owns the Westside City Project. Westside City Project is a co-development project between Suntrust and Westside/Travellers, of which Westside/Travellers own the gaming license, and lease the land to Suntrust. Suncity Group Holdings Limited owns 51% of Suntrust, and has been developing and designing the gaming facilities of Westside City Resorts. From its previously disclosed co-development agreement, Suntrust will be paying an annual fee to Westside/Travellers for a sum of US\$10.6 mn per year, as well as an O&M agreement with a fee of 1% of VIP GGR and 3% of mass and slots GGR when Westside's casino is up and running.

Within the Philippines gaming market, Entertainment City (de-facto "Cotai Strip" of the Philippines) in Manila generated over 90% of the US\$4.3 bn gross gaming revenue in 2019. The Philippines gaming market has been having strong growth prior to the mandatory reduced capacity and closures by the government, at a CAGR of 15% in the past decade. According to the agreement, Suntrust would be investing and spending capex to the gaming areas where it generates the most profit, and Westside/Megaworld would be spending capex on other non-gaming facilities such as Broadway Street, shopping malls and grand theatres.

Suntrust's jointly developing casino is now proposing to build a casino of 400 tables, 400 rooms for the casino hotel, 1,200 slot machines, combining the additional 2,000 hotel rooms to be built by Westside/Megaworld.

Exposure to a Filipino casino of the Westside City Project through an investment in Suntrust

Figure 39: Suntrust's plan for Westside City Project

Source: Company data

Earnings potential: Benchmarking Solaire, its competitor on the Entertainment City, Solaire, operates 390 tables, 800 rooms, and approximately 1,800 slot machines and generated US\$390 mn EBITDA in 2019. We believe that Suntrust has the potential to drive EBITDA in the range of US\$250 mn–US\$300 mn after its opens in 2023.

Suntrust has a potential to see US\$250-300 mn EBITDA after Westside City Project opens in 2023.

Given that Suncity Group (junket) has been in the Philippines market for years, it has established solid local client connections on the ground there. Currently, Suncity Group (junket) operates four VIP rooms in the Philippines, all of them located in the Entertainment City – Solaire, Okada, COD Manila and Resorts World Manila. Its experience and local connection would be another advantage.

We haven't factored that into our forecast, but we believe that if Summit Ascent chose to exercise the option to own up to 51% of Suntrust and consolidate its earnings it would be an upside optionality to its earnings beyond 2023.

Figure 40: Similarity between Westside casino and Solaire

(USD mn)	Westside City Resort World	Solaire Resort (FY19)
Gaming table:	400	387
VIP table	n.a.	189
Mass table	n.a.	198
Slot machines	1,200	2,250
Hotel room	400	800

Source: Company data, Credit Suisse estimates

Tigre de Cristal Phase II

Tigre de Cristal Phase II's development will triple the number of existing gaming tables and slot machines, significantly sizing up the lodging capacity of the existing property, as well as adding novel entertainment concepts such as new restaurants, bars, retail shops, an indoor beach club and convention space.

Phase II would be built on a piece of land known as Lot 10, which is over 150,000 sq. m. Tigre de Cristal has access to Lot 9, where Phase I is currently built, Lot 8 and Lot 10. Phase I's gross floor area (GFA) is over 35,000 sq. m., which includes a 121-room five-star hotel, 333 slot machines, a total of 75 tables, restaurants, spa, bars and a fitness centre.

The hotel in Tigre de Cristal Phase I was previously recognised as "Russia's leading resort" by World Travel Awards. As per the company's information, when Phase II is completed, Tigre de Cristal will be able to triple its size and capacity. Phase II's gross floor area will be over 62,000 sq. m. The novel phase would include a brand-new 5-star hotel of over 350 rooms; triple the number of slot machines and tables; a state-of-the-art indoor pool where tropical pool-side parties would be held in the Russian winter; a conference centre; oriental, Korean, Japanese and Western restaurants, a new spa, and additional MICE facilities suitable for weddings and banquets.

Tigre de Cristal Phase II will triple Tigre de Cristal's gaming capacity and is targeted to open by phases starting in 2022

Figure 41: Tigre de Cristal's masterplan for future phases



Source: Company data

Figure 42: Tigre de Cristal capacity to triple post Phase II completion

Casino Projects	Tigre de Cristal Phase I	Tigre de Cristal Phase II
Operation commencement date	October 2015	Opening of the first stage in 2022
Site Area (sq.m.)	90,455 (Lot 9)	154,351 (Lot 10)
Gross Floor Area (sq.m.)	36,000	60,500
Estimated project cost	US\$195 mn	US\$200 mn
Gaming capacity	30 VIP tables; 35 mass tables; 330 slot machines	50 VIP tables; 25 mass tables; 300 slot machines
Hotel accommodation capacity	121 hotel rooms (5-star hotel)	350 hotel rooms (4-star hotel)

Source: Company data

Attractive risks-reward

Initiate with OUTPERFORM and TP of HK\$1.80

We initiate coverage on Summit Ascent with an OUTPERFORM rating for its robust growth outlook (off a small base relative to its regional peers), upside option from its Phase II opening and stake in Philippines casino, and attractive risks-rewards. With multiple earnings streams in different nature, our end-2021 target price of HK\$1.80 is based on a sum-of-the-part valuation methodology with key assumption as follow:

- 9x normalised 2022E EBITDA on 67.5% stake in the Tigre de Cristal Phase I casino, consistent with a range of 8-12x for the regional peers
- 1.5x of book value on capex spent on Tigre de Cristal Phase II project
- 25% stake towards Suntrust's investment in the Philippines through the convertible bond. As discussed in the above section, we believe that Suntrust has the potential to drive EBITDA in the range of US\$250 mn–US\$300 mn when it opens in 2023. This is based on a 7x multiple on its normalised 2023E EBITDA of US\$250 mn and conservatively on an assumption of a 50% possibility
- 9x normalised 2022E management fee income receiving from the Tigre de Cristal casino
- End-2021E net cash balance; and
- A discount rate of 10%.

Figure 43: Summit Ascent SOTP valuation

Divisions	Valuation Methodology	NAV HKD'mn	Per share HKD	As %
Gaming				
Tigre de Cristal (Phase I)	9x 2022E EBITDA at 67.5% stake of ORL	4,416	1.0	54%
Tigre de Cristal (Phase II)	Capex spent at 1.5x P/BV	1,170	0.3	14%
Suntrust development	7x 2023E EBITDA at 25% stake of Suntrust	1,282	0.3	16%
Management fee income	9x 2022E	337	0.1	4%
Corporate expense	9x 2022E	(184)	(0.0)	-2%
<i>Add:</i>				
End-2021E Net (debt)/cash		906	0.2	11%
Price target by end-2021		7,928	1.80	100%
<i>Potential upside/(downside)</i>			<i>89%</i>	

Source: Credit Suisse estimates

On our grey sky scenario, even if we take out the valuation for the 25% stake towards Suntrust's investment in the Philippines as the convertible bond is not yet converted, we still see a significant 66% potential upside on a price of HK\$1.2/share.

Valuation: low street expectation but with re-rating drivers ahead

If we were to compare with its replacement cost, cost of investment of its largest shareholder and relative to its Macau peers, Summit Ascent is attractively valued. Medium term, we believe its robust growth outlook (off a small base relative to its regional peers), opening of its Phase 2 and Philippines casino would be re-rating driver.

- **At par with “replacement cost”.** Currently, on a per share basis, the company NAV of HK\$0.8 mainly comprises HK\$0.3 (2020E net cash), HK\$0.3 (replacement cost of the casino adj. for the 67.5% effective stake on phase 1) and HK\$0.2 (book value of Suntrust convertible bond). This compares with the current market value of HK\$0.9/share.

We believe the robust growth outlook (off a small base relative to its regional peers), opening of its Phase 2 and Philippines casino would be re-rating drivers

- **Slight premium compared with “cost of its largest shareholder”.** Suncity group (1383.HK) started to purchase the stake of the Summit Ascent in April 2019. After the two rounds of placement and right issues, 1383.HK has increased its stake to around 69.66% in Summit Ascent. On the total cost of investment of US\$310 mn, Suncity group's cost of purchase would be around HK\$0.77 per share. The current share price of HK\$0.9 is only 17% premium to its average cost of purchase.

Figure 44: Suncity's average cost per share in Summit Ascent

	Number of shares	Cost per share (HKD)	Investment (HKD 'mn)
Original shares	446	1.82	812
Right issue - Committed shares	669	0.60	402
Right issue - Underwriting shares	2,026	0.60	1,215
	3,142	0.77	2,429

Source: Company data

- **50% discount of historical EBITDA compared with “Macau peers”.** Tigre De Cristal generated US\$28 mn of EBITDA in 2019. Given that Summit Ascent holds 67.5% economic interest in the casino, it would translate into US\$19 mn of effective EBITDA at the parent company level. For comparison sake, if we were to assume the property to achieve 2019 EBITDA, the company would be generating a normalised US\$25.7 mn of EBITDA (US\$19 mn factoring in the US\$6.7 mn annual coupon from CB). This is equivalent to a 7x normalised EBITDA. This compared with the 11.4x normalised EBITDA for its Macau peers. Given Summit Ascent's smaller base, less reliance on the Mainland Chinese players and more nimble scale (already breakeven), we believe it could recover faster than its Macau peers.

Overall, we believe that Summit Ascent's trading discount against its Macau peers should narrow as business gradually normalises next year and its interest is aligned with Suncity after the recent right share issuance. In fact, compared with its peers, Summit Ascent should see better earnings growth with a better cost structure. Again, Summit Ascent also sees less risks for its gaming license compared to the Macau names, which will have their existing license to be expired on June 2022.

Figure 45: Valuation comparison with Macau peers

Company	Ticker	Market Cap (US\$'mn)	Price (L.c.)	CS Rating	TP (L.c.)	P/E (x)				EV/EBITDA (x)				FCF yield (%)				Dividend yield (%)			
						2019A	2020E	2021E	2022E	2019A	2020E	2021E	2022E	2019A	2020E	2021E	2022E	2019A	2020E	2021E	2022E
Russia																					
Summit Ascent	0102.HK	553	0.95	OUTPERFORM	1.8	18.7	n/a	14.2	7.7	17.0	n/a	7.9	4.3	10.2	(3.4)	(6.4)	(2.7)	-	-	-	-
Macau																					
Melco Resorts	MLCO.OQ	8,768	18.1	NEUTRAL	17.8	23.8	n/a	n/a	29.5	7.8	n/a	15.7	9.4	4.4	(13.5)	(4.6)	5.4	3.5	-	-	3.7
Melco Int'l	0200.HK	2,819	14.4	NEUTRAL	14.8	32.3	n/a	n/a	46.4	4.2	n/a	10.1	5.8	23.2	(32.4)	(9.4)	30.4	0.6	-	0.6	0.6
Galaxy	0027.HK	33,188	59.3	NEUTRAL	57.4	19.7	n/a	38.7	22.9	13.0	n/a	22.1	13.2	5.8	(3.8)	1.1	3.5	1.5	-	0.8	1.3
Sands China	1928.HK	34,276	32.9	NEUTRAL	32.3	16.8	n/a	37.2	17.6	12.2	n/a	19.5	12.3	5.3	(6.4)	3.1	6.2	3.0	-	2.2	2.1
MGM China	2282.HK	5,332	10.9	NEUTRAL	10.6	21.5	n/a	n/a	32.9	9.7	n/a	17.4	10.5	7.2	(7.7)	6.7	11.0	1.6	-	-	1.0
SJM	0880.HK	6,721	9.2	NEUTRAL	9.8	16.2	n/a	58.5	13.9	12.7	n/a	18.9	8.9	(2.7)	(13.6)	3.6	13.1	3.3	-	0.9	3.6
Wynn Macau	1128.HK	8,915	13.3	UNDERPERFORM	10.9	13.6	n/a	101.7	20.0	9.9	n/a	18.1	11.3	5.5	(11.3)	3.0	7.2	3.4	-	-	2.4
Macau sector		64,013				17.7	n/a	n/a	20.5	11.1	n/a	18.5	11.3	4.5	(8.9)	2.4	7.4	3.0	-	1.2	2.5

Source: Credit Suisse estimates, Refinitiv Datastream; Note: pricing as of 13th Nov, 2020

Investment risks: negatives are largely in the price

- **Local demand could be hurt by local economy downturn.** Local market demand for Tigre de Cristal is mainly from local Russians or expats living in the Primorye Region. While the local economy mainly focuses on wholesale and retail trading, transportation, and real estate services, an economy slowdown as hurt by the COVID-19 might reduce players' demand. Yet, under the current travel restrictions limiting outbound travel to Vladivostok, the local demand has been resilient by far.
- **Pace of tourism recovery could be uncertain.** A majority of players are coming from the surrounding countries, which include Japan, South Korea and China. The tourism recovery is still largely dependent on the virus containment, travel restrictions and progress in vaccine development. It is expected to take some time before the vaccine available for general public use, but yet, the positive preliminary result appears to clearly be progress towards controlling Covid-19. After all, a full traffic recovery would be dependent on the cost and availability of the vaccine, which could eventually affect the travel budget and behaviour. That said, while domestic recovery has been solid in China, names dragged by overseas exposure should see benefits from any breakthroughs.
- **Project delay and clustered openings.** Summit Ascent is the largest casino operator in the IEZ but there will be two more casinos expected to open over the next couple of years. With different background of the casino operators, a cluster of casinos might help attract visitation to the area. But this would be subject to the opening of the other projects.
- **Bad weather conditions have been regarded as a risk by investors.** Vladivostok winter is cold due to its geographical location. Occasionally, the city could face snowstorms or blizzard that could disrupt business operation. Back in 2002, the city had experienced electricity cut off and paralysed traffic due to heavy snowfall. Another serious hit was in 2016 when the city had six consecutive of snowfall. That said, those have caused minor business disruptions and the frequency of large-scale blizzard is low. On the other hand, the city sees no typhoon during its summer time.
- **Regulatory tightening on cross-border gambling activities.** There has been regulatory tightening by the China government on the cross-border gambling activities and capital movement. Promoting gaming activities in China is illegal but there are no restrictions on tourist visitation. In fact, the local market, Japan and Korea are all the key sources of players. We believe the company's diversified player base should help mitigate single country regulation risk.

Investment risks include slow tourism recovery, delay in new projects and regulatory tightening on cross-border gambling activities

Key management profile

Figure 46: Key management personal

Name	Position	Background and description
Mr. Chau Cheok Wa	Chairman and Non-executive Director	Mr. Chau has been the chairman and non-executive director since Jun-2019. He is also the founder and chairman of Suncity Group (1383.HK), Asia's leading VIP service and entertainment conglomerates.
Mr. Lo Kai Bong	Deputy Chairman and Executive Director	Mr. Lo has been with Summit Ascent since Dec-2018 as a non-executive director. He was then appointed as the executive director and deputy chairman of the company in Apr-2019. Lo is experienced with the gaming industry, where he is also the CIO of Suncity Group and involved in overseas business development.
Mr. Chiu King Yan	Executive Director	Mr. Chiu has been an executive director of the company since Apr-2019 and is also the CFO of Suncity. He has over 19 years' experience in audit, accounting, private equity investment and corporate finance from previous occupations.
Mr. Stylianos Tsifetakis	COO - Russian Operations	Mr. Tsifetakis joined Summit Ascent as a senior management since Sep-2014. He has over 21 years of experience in the casino and hospitality industry. Prior to joining the Group, he served various senior managerial roles in multiple jurisdictions including the United Kingdom, Romania and Kazakhstan.
Mr. Yip Ho Chi	Finance Director	Mr. Yip has been finance director of Summit Ascent since Oct-2013. Prior to joining the company, he was the CFO of MelcoLot Limited from 2009 to 2013. He also has over 16 years' experience in audit, accounting, and finance from previous occupations.

Source: Company data, Credit Suisse

HOLT®

CS HOLT uses a proprietary economic return measure, Cash Flow Return on Investment (CFROI®) to assess corporate performance and valuation. By removing accounting and inflation distortions, CFROI allows for global comparability and is a more comprehensive metric than the traditional ROE or ROA.

HOLT view on Summit Ascent

Summit Ascent improved its CFROI to 4.4% in 2019, as rising tourists' arrival led to recovering top-line growth and lower gaming tax and favourable cost structure continued to support improving EBITDA margins trend.

Figure 1 below leverages CS analyst's forecast sales, margins and asset turns from 2020E to 2022E for Summit Ascent. Beyond that, sales growth is normalised to 10Y median of 14% with margins moderating to 2019 level of 40% by 2024E. These assumptions would yield a HOLT fair value of HK\$1.92, in line with the target price of HK\$1.80 and OUTPERFORM rating.

Figure 47: CS analyst's estimates for Summit Ascent yield HOLT WP of HK\$1.92



Source: Company data, Credit Suisse estimates

Note: Discount rate is normalized to 5Y median of 6.02%. Source: Credit Suisse HOLT Lens™

Appendix

Figure 48: Summit Ascent Income Statement

(HK\$ 'mn)	2018	2019	2020E	2021E	2022E
Gross gaming revenue	794	801	270	1,215	2,204
Rebates	(375)	(319)	(40)	(390)	(955)
Hotel operation	44	51	5	61	64
Others	-	-	-	-	-
Total revenue	463	533	236	886	1,313
YoY % chg	-2%	15%	-56%	276%	48%
Other gain and losses	2	(4)	-	-	-
Gaming tax	(13)	(14)	(8)	(12)	(12)
Inventories consumed	(13)	(13)	(6)	(22)	(33)
Marketing and promotion expenses	(16)	(18)	(7)	(92)	(119)
Employee benefits expenses	(136)	(148)	(129)	(152)	(159)
Other expenses	(105)	(121)	(83)	(179)	(190)
Total operating expenses	(283)	(314)	(233)	(458)	(514)
YoY % chg	-5%	11%	-26%	96%	12%
Property EBITDA of Tigre de Cristal	181	215	2	428	800
EBIT DA margin	39%	40%	1%	48%	61%
Depreciation and amortization	(116)	(99)	(92)	(94)	(134)
Management fee	13	15	7	25	37
Company corporate expenses	(18)	(20)	(19)	(19)	(20)
Net exchange gains/(losses)	6	19	(8)	-	-
Others	(30)	0	-	-	-
Net finance cost	(32)	(23)	10	33	35
Profit before taxation	4	107	(100)	373	718
Income tax expense	(0)	(0)	(0)	(0)	(0)
Non-controlling interests	4	(25)	46	(71)	(161)
Net profit	8	82	(54)	301	557
Net profit margin	2%	15%	-23%	34%	42%

Source: Company data, Credit Suisse estimates

Figure 49: Summit Ascent Balance Sheet

(HK\$ 'mn)	2018	2019	2020E	2021E	2022E
Cash	480	861	1,373	1,095	972
Account receivable	45	62	9	106	249
Inventories	3	3	0	4	4
Others	-	-	-	-	-
Current assets	528	925	1,382	1,204	1,225
Fixed assets	1,461	1,409	1,504	2,067	2,737
Right-of-use assets	-	7	4	2	-
Summit Ascent convertible bond			901	901	901
Others	17	32	32	32	32
Non-current assets	1,477	1,448	2,442	3,002	3,670
Short term debts	-	223	206	165	118
Trade and other payables	76	62	47	92	103
Others	-	2	2	2	2
Current liabilities	76	287	254	259	223
Long term debts	258	-	-	-	-
Sharpway Convertible Bond	-	-	23	23	23
Lease liabilities	-	5	4	4	3
Others	45	45	49	54	58
Non-current liabilities	302	50	77	81	85
Share capital	37	45	1,668	1,668	1,668
Reserves	1,213	1,599	1,545	1,847	2,403
Non-controlling interests	376	392	280	352	517
Total equity	1,627	2,036	3,493	3,867	4,588

Source: Company data, Credit Suisse estimates

Figure 50: Summit Ascent Cash Flow Statement

(HK\$ 'mn)	2018	2019	2020E	2021E	2022E
Profit before taxation	4	107	(100)	373	718
Depreciation	116	99	92	94	134
Finance costs	36	32	31	29	24
Interest income	(4)	(8)	(41)	(62)	(59)
Others	30	5	7	-	-
Income tax paid	(0)	(0)	(0)	(0)	(0)
Change in working capital	13	(19)	40	(55)	(132)
Operating cash flow	196	216	30	378	684
Payment for fixed assets	(27)	(48)	(186)	(654)	(802)
Deposits for fixed assets	(3)	(18)	-	-	-
Payment for intangible assets	(0)	(0)	-	-	-
Interest received	4	8	41	62	59
Others	(8)	(9)	(889)	-	-
Investing cash flow	(35)	(67)	(1,034)	(592)	(743)
Issue of ordinary share	-	303	1,623	-	-
Exercise of share option	-	15	-	-	-
Loan repayment	(68)	(72)	(44)	(62)	(62)
Lease repayment	(1)	(2)	(1)	(1)	(1)
Interest paid	(0)	(1)	(1)	(1)	(1)
Others	-	(6)	-	-	-
Financing cash flow	(70)	237	1,578	(64)	(64)
Beginning cash balance	400	480	861	1,373	1,095
Change in cash equivalents	91	386	573	(278)	(123)
Foreign exchange	(12)	(5)	(61)	-	-
Ending cash balance	480	861	1,373	1,095	972

Source: Company data, Credit Suisse estimates

Valuation, Methodology and Risks

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Aristocrat Leisure (ALL.AX)

Method: Our target price of A\$30.00 for Aristocrat Leisure is based on our discounted cash flow (DCF) valuation of A\$30.50 less the next 12 months' dividend. We incorporate a WACC of 7.7%, Beta of 1.05 and long-term, geographic-weighted bond yields of 2.2%. Our OUTPERFORM rating is based on the fact that the company's earnings can grow from continued strong performance in land-based business as well as accelerated growth in the Digital division. At the same time, the company's earnings could be impacted by intense competition in its Digital division.

Risk: The key risks to ALL's A\$30.00 target price and OUTPERFORM rating relate to: (1) Competitor market share gains from new product development, (2) US industry demand not meeting, or possibly exceeding, flat expectations in 2019 and 2020, (3) Aristocrat failing to develop market share in the mobile games industry, (4) competition or decline in usage among Aristocrat's social casino, Product Madness, (5) forex should the AUD/USD materially appreciate or depreciate with 80% of EBIT USD exposed, and (6) Aristocrat continues to gain market share in both land-based and digital segments.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Belle Corporation (BEL.PS)

Method: Our P1.3/sh target price and NEUTRAL rating for Belle Corporation are based on a Sum of the Parts Valuation where we (1) value the company's rental income stream using a Discounted Cash Flow method; (2) value its listed subsidiaries and associates using Credit Suisse target prices where applicable and market prices when the company is not covered; (3) valuing the unlisted subsidiaries and real estate properties at cost; (4) and applying a 45% discount to NAV.

Risk: Downside risks to our P1.3/sh target price and NEUTRAL rating for Belle Corporation include adverse regulatory changes, lower-than-expected GGR growth, more competition and events that discourage tourism. Other risks specific to Belle Corporation include continued deterioration in the business lottery segment that the company is exposed to and a misalignment of strategy between Belle Corp and Melco. Upside risks include market share grab in the casino business from Bloomberry and Okada.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Bloomberry Resorts Corporation (BLOOM.PS)

Method: Our P9.0/sh target price and OUTPERFORM rating for Bloomberry Resorts Corporation is based on our 2021 EBITDA estimate of P15.2 billion and an EV/EBITDA multiple of 9.0. We like Bloomberry for its (1) market leading position and sticky playerbase; (2) superior margins; and (3) further upside from their second integrated resort Solaire North, thus we rate the stock an OUTPERFORM.

Risk: Downside risks to our P9.00/sh target price and OUTPERFORM rating for Bloomberry include adverse regulatory changes, lower-than-expected GGR growth, more competition and events that discourage tourism. Other risks specific to Bloomberry include delays in the construction of Solaire North.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Crown (CWN.AX)

Method: We set our 12-month target price of A\$10.35 adjusting for certain coronavirus impacts—reduced revenue, reduced proceeds for apartment sales. Our sum-of-the-parts valuation of A\$10.35 reflects 9.0x FY23E EBITDA for Crown's main domestic operations and is in-line with our DCF-based valuation. We assign an OUTPERFORM rating as the share price is well below our assessment of the company's value. CWN has low-levels of debt and affords investors with attractive growth when Crown Sydney opens (expected Jan 2021), in our view.

Risk: The key risks to our A\$10.35 12-month target price and OUTPERFORM rating on Crown (CWN.AX) are that coronavirus shutdowns extend longer than expected, VIP revenue and tourism are curtailed more severely than we model, and apartment sale proceeds fail to meet our expectations.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Galaxy Entertainment Group (0027.HK)

Method: Our target price for Galaxy is HK\$57.4 at end-2021E, which is determined by applying: (1) 14x normalised FY22E EV/EBITDA for StarWorld; (2) higher valuation multiple of 15x for Galaxy Macau due to its larger scale and better earnings quality; (3) 6-10x on other operations; (4) 4.9% stake in Wynn Resorts and 5% stake in SBM; (5) 1.8x P/B for Galaxy Phase 3 project; and (6) estimated net cash. We like Galaxy's product offerings, well-rounded earnings exposure (strength in both VIP and mass), growth potential from an undeveloped landbank, overseas ambition (Japan) and, most importantly, consistency in execution (hence, higher earnings quality and predictability). Yet, with the structural change for the industry post COVID and a gradual recovery, we rate Galaxy NEUTRAL on valuation and stabilising VIP and robust mass.

Risk: Downside risks that could impede achievement of our target price of HK\$57.4 and NEUTRAL rating for Galaxy include: (1) a slower-than-expected pace of gaming revenue growth on weak China macro and (2) competition from the ramp-ups of other new casinos. Upside risk includes better-than-expected gaming revenue recovery.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Genting Berhad (GENT.KL)

Method: Our RM5.40 target price for Genting is derived by a bottom-up RNAV of Genting using the Credit Suisse target prices for Genting Malaysia (RM3.40, Genting Plantations (RM12.10), Genting Singapore (S\$0.72) and its other assets (oil & gas, power and DCF of management fees from GENM). We then apply a holding company discount of ~25%. Given that the stock is still trading at a significant discount to RNAV, we believe there is upside when the discount narrows. Therefore, we rate the stock OUTPERFORM.

Risk: The risks to our target price of RM5.40 and OUTPERFORM rating for Genting are if Malaysia suffers a severe economic depression or if visitation to Genting Highlands or its Singapore casino falls dramatically due to unforeseen circumstances like the outbreak of disease or terrorist attack, or if its Singapore casino suffers from exceptionally poor luck in the VIP gaming segment for an extended period.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Genting Malaysia Bhd (GENM.KL)

Method: Our RM2.80 target price for Genting Malaysia is based on our sum-of-the-parts (SOTP) valuation. We apply 9x multiple to FY21E EBITDA for Malaysia, the UK, the US and other business but excluding property (combined), book value to its property assets and we add its one year forward net cash and the investment tax allowance. Driven by favourable risk-reward, we rate the stock OUTPERFORM.

Risk: Key downside risks to our RM2.80 target price and OUTPERFORM rating for Genting Malaysia include: (1) Malaysian economy to suffer from a severe recession to the extent that domestic leisure spending is hampered or (2) an epidemic or terror attack takes place and causes a severe reduction in visitor arrivals to the resort. Other stock-specific concerns are: (1) competition from regional casinos, and (2) earnings risk from the UK and the US. Key upside risks: (1) faster-than-expected resolution of Fox/Disney litigation and (2) higher-than-expected growth for UK/US businesses.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Genting Singapore (GENS.SI)

Method: Our S\$0.72 target price for Genting Singapore is based on its -1 SD EV/EBITDA (7x) multiple applied to our EBITDA (68% weight) and NAV for GENM's redevelopment in Singapore (32% weight). Given the on-going challenges driven by the coronavirus, we rate the stock NEUTRAL.

Risk: The downside risks to our S\$0.72 target price and NEUTRAL rating for Genting Singapore include the following: (1) if stock markets turn bearish and high-beta stocks fall out of favour; (2) if the casino suffers poor luck factor, the VIP segment casino revenues could continue to disappoint and overall casino revenues could be below market expectations; or (3) if there is a serious outbreak of disease in the region, visitor arrivals could be badly affected, thereby reducing Genting Singapore's overall revenues. Key upside risks: (1) economic conditions in China and ASEAN become more positive; (2) stronger-than-expected market share gains (especially VIP); and (3) dividend surprises on upside.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Grand Korea Leisure (114090.KS)

Method: Our target price of W14,000 for Grand Korea Leisure is based on 22x FY22E P/E. Our target multiple is derived based on a 20% discount to its Asian peers given the lack of integrated resort which could help diversify its customer base and the fact that it lacks domestic exposure (only foreigners are allowed in its casinos). We have a NEUTRAL rating on the stock as valuation has been stretched lately, and the lack of earnings delivery due to the on-going COVID-19 pandemic. Until we see foreigners visiting Korea, earnings visibility for the stock is murky.

Risk: Risks to our W14,000 target price and NEUTRAL rating for Grand Korea Leisure include: (1) strong or weak top-line momentum due to the mix decline in high-roller Chinese VIPs; (2) uncertainty in onward operations, given a new IR opening from a competitor; and (3) the on-going COVID-19 pandemic which blocks foreigners to freely travel into Korea given the two weeks quarantine period.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Kangwon Land (035250.KS)

Method: Our target price of W26,000 for Kangwon Land is based on 25x to FY22E P/E. Our target multiple is based on the average valuation multiple from 2015 to 2017, prior to the stock being heavily regulated by the National Gambling Control Commission for its revenue cap. We believe Kangwon Land's valuation should further expand as the stock normalises from its weak operation post COVID-19, therefore we rate the stock OUTPERFORM.

Risk: Risks to our W26,000 target price and OUTPERFORM rating for Kangwon Land include: (1) intensifying domestic regulatory pressure on local gaming, which could be realised in the form of revenue cap and labour shortage, etc.; (2) non-renewal of the casino license in 2020-end; (3) the decline of extension request for the 'Special Act on Development Support for Abandoned Mines' in 2025; and (4) the longer-than-expected normalisation of the casino business after the pandemic.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Las Vegas Sands Corp. (LVS.N)

Method: Our \$58 Target Price is based on 11x our 2021 EBITDA of \$5,089m. We rate LVS Outperform given strong liquidity positioning and an improving competitive positioning in Cotai.

Risk: We see several risks to our \$58 target price and Outperform rating including: Geographic concentration, with 92% of EBITDA driven by Macau and Singapore, earnings from Macau are highly sensitive to the Chinese economy, specifically credit and house price growth in the short-term, longer term Chinese demographic trends, license renewals in 2020-22 with potential competitive bidding.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for MGM China (2282.HK)

Method: Our target price of HK\$10.6 for MGM China at mid-2021E is based on historical multiple at 14x normalised FY21E EV/EBITDA on existing operation and estimated net cash. We continue to like MGM's competitive and thoughtful product offering at MGM Cotai led by a stable management team with a strong execution track record. Yet, with the structural change for the industry post COVID and a gradual recovery and uncertain recovery pace, we rate the stock NEUTRAL.

Risk: Downside risks to our target price of HK\$10.6 and NEUTRAL rating for MGM China include: (1) slower-than-expected gaming revenue growth on weak China macro; and (2) competition from the ramp-up of other new casinos. Upside risk includes better-than-expected GGR recovery.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for MGM Resorts International (MGM.N)

Method: Our \$23 Target Price and Neutral Rating are based on 10x our 2022 EBITDA of \$3,143m. Our 10x multiple is inline with where MGM has historically traded on an FY2 basis.

Risk: We see several risks to our \$23 target price and Neutral rating including: the Las Vegas Strip is highly cyclical, competitive and capital intensive; additional supply growth is possible on the Las Vegas Strip and regional markets; earnings from Macau are highly sensitive to the Chinese economy, specifically credit and house price growth in the short-term, longer term Chinese demographic trends, license renewals in 2022 with potential competitive bidding.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Melco International (0200.HK)

Method: Our target price of HK\$14.8 and NEUTRAL rating for Melco International is determined by applying a 25% holding discount (historical average) to the fair value of Melco's stake in its investments. Melco owns 54% of MLCO that contributes to almost all of Melco's NAV. MLCO consistent share gain would be the key driver of the name. Yet, the structural change for the industry post-COVID should drag recovery.

Risk: Downside risks that could cause the share price to diverge from our target price of HK\$14.8 and NEUTRAL rating for Melco International include: (1) significant slowdown in the Macau gaming market and (2) competition from the ramp-up of other new casinos. Upside risk includes better-than-expected market recovery.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Melco Resorts & Entertainment Limited (MLCO.OQ)

Method: Our target price of US\$17.8 for MLCO is based on 5-12.0x of the normalised FY21E EV/EBITDA (enterprise value/earnings before interest, depreciation and amortisation charges) for the existing operations. MLCO's consistent share gain would be the key driver. Yet, given that the structural change for the industry post COVID would drag recovery, we rate MLCO NEUTRAL.

Risk: Downside risks that could impede achievement of our target price of US\$17.8 and NEUTRAL rating for MLCO include: (1) macro uncertainties such as a change in monetary and travel policies in China and (2) competition from the ramp-up of other new casinos. Upside risk includes better-than-expected gaming revenue recovery.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for NagaCorp Limited (3918.HK)

Method: Our target price of HK\$12.0 for NagaCorp is determined by a sum-of-the-parts valuation of 11x normalised EBITDA (earnings before interest, tax, depreciation and amortisation) for 2H20-1H21E and adding the net cash balance. Rated OUTPERFORM on solid mass growth, supportive tourism, and recent extension in monopoly license.

Risk: Key risks to our target price of HK\$12.0 and OUTPERFORM rating for NagaCorp include: (1) gaming bill comes in higher than our expectation of 5% tax, (2) potential restrictive controls, (3) and further crackdown in Sihanoukville that hurts demand.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Paradise (034230.KQ)

Method: Our target price of W16,000 for Paradise is based on 16x FY22E EV/EBITDA multiple. Our target multiple is based on -1 standard deviation from the historical average since 2017 (starting when P-City first opened). We have chosen the lower range of the band as we have yet to witness a full recovery in Chinese VIP visitation. We have an OUTPERFORM rating on the stock as we expect its core operations to exceed expectations given the contribution from the new integrated resort.

Risk: Factors that could cause the share price to diverge from our target price of W16,000 and our OUTPERFORM rating for Paradise include: (1) weaker Chinese VIP recovery on the back of the political tension between Korea and China; (2) slower Japanese VIP visitors on the back of the Korea-Japan trade war sentiment; and (3) slower-than-expected normalisation of Yeongjong-do IR.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Premium Leisure Corp (PLC.PS)

Method: Our P0.35/sh target price and NEUTRAL rating for Premium Leisure Corp is based on a Discounted Cash Flow methodology where we discount cash flows until 2033 (license expiry date) with a WACC of 10.5%. We do not incorporate a terminal growth rate. Our estimates reflect continued growth in the company's share of gaming revenue from City of Dreams Manila.

Risk: Downside risks to our P0.35/sh target price and NEUTRAL rating for Premium Leisure Corp include adverse regulatory changes, lower-than-expected GGR growth, more competition and events that discourage tourism. Other risks specific to Premium Leisure Corp include continued deterioration in the company's lottery business segment. Upside risks include market share grab from Bloomberry and Okada.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for SJM (0880.HK)

Method: Our target price of HK\$9.8 for SJM at end-FY21 is based on 6-9x normalised FY21E EV/EBITDA (enterprise value-to-earnings before interest, tax, depreciation and amortisation) on existing operations and applying an ROIC of 10% with 10x target EV/EBITDA multiple on Lisboa Palace. Considering SJM's valuation looks more attractive with its risk (provisions/project opening risk) and reward (upside from new casino), we rate SJM NEUTRAL.

Risk: Downside risks to our HK\$9.8 target price and NEUTRAL rating for SJM include: (1) slower-than-expected gross gaming revenue growth, (2) more fierce competition from other casinos, (3) a delay in the opening of Cotai. Upside risks include (1) a faster-than-expected recovery, and (2) solid ramp-up in new property in Cotai post opening.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Sands China (1928.HK)

Method: Our target price of HK\$32.3 for Sands China at end-2021E is based on target multiple of 12-16x on normalised FY21E EV/EBITDA for its existing operations. Sands' long-term story remains unchanged for its large asset base targeting mass players, we believe the re-theming of SCC into Londoner should help Sands solidify its mass leadership position. Yet, with the structural change for the industry post COVID and a gradual recovery, we rate Sands China NEUTRAL.

Risk: The downside risks that could impede achievement of our target price of HK\$32.3 and NEUTRAL rating for Sands include (1) less-than-expected GGR growth, (2) fierce competition from other hotels' new openings, and (3) higher-than-expected disruption from the renovation. Upside risks include: (1) better-than-expected gaming revenue recovery, (2) faster-than-expected ramp-up in the new Londoner property.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Star Entertainment Group (SGR.AX)

Method: Our target price for Star Entertainment Group (SGR.AX) is A\$3.85, which ties into our sum-of-the-parts valuation but below our DCF. We believe the stock will trade below DCF fair value due to two areas of uncertainty, being (1) the impact of Crown Sydney opening in FY22 and (2) risk of additional capital allocation to Queens Wharf development project. Our sum-of-the-parts valuation incorporates 8.0x and 9.0x forward EBITDA for the domestic casinos. These multiples are similar to SGR's peers. Our OUTPERFORM rating reflects that the share price has not recovered. While there is uncertainty associated with the pandemic casino shut down, the stock is undervalued based on long-term prospect.

Risk: The risks to our A\$3.85 target price for Star Entertainment Group (SGR.AX) and OUTPERFORM rating relate to: (1) main gaming floor growth deteriorates due to economic conditions; (2) economic weakness that causes a contraction in the Asian VIP gaming market; and (3) new capacity entering the Australia gaming market in FY21-FY23 is not met by adequate demand.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Summit Ascent (0102.HK)

Method: Our end-2021 target price of HK\$1.80 for Summit Ascent is based on a sum-of-the-parts valuation methodology with (1) 9x normalised 2022E EBITDA on 67.5% stake in the Tigre de Cristal Phase I casino, (2) 1.5x P/B on capex spent on Tigre de Cristal Phase II project, (3) 25% stake towards Suntrust's investment in Philippines, (4) 9x normalised 2022E management fee income received from the Tigre de Cristal casino, (5) end-2021E net cash, and (6) discounted by a 10% WACC to 2021E. We rate Summit Ascent as OUTPERFORM for its robust growth outlook (off a small base relative to its regional peers); upside option from its Phase II opening and stake in Philippines casino would be re-rating driver.

Risk: Downside risks to our OUTPERFORM rating and HK\$1.80 target price for Summit Ascent include slower than expected tourism recovery into Vladivostok, any delay in new projects and regulatory tightening on cross border gambling activities that hurt the end player demand and per player spend.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Tabcorp Holdings (TAH.AX)

Method: Our A\$4.40 target price for Tabcorp Holdings is a reflection of our SoTP valuation. Our OUTPERFORM rating is result of the stock currently trading below our target price and that Tabcorp's lottery business continues to deliver superior performance.

Risk: Risks to our A\$4.40 target price and OUTPERFORM rating for Tabcorp Holdings include deterioration in wagering revenue growth, non-delivery of merger synergies, increased competition from new wagering operators and uncertainty regarding renewal of TGS customer contracts post 2022 when the majority of contracts expire.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Wynn Macau (1128.HK)

Method: Our target price of HK\$10.9 for Wynn Macau at end-2021E is based on the historical multiple of 14x of normalised FY21E EV/EBITDA (enterprise value/ earnings before interest, tax, depreciation and amortisation expense) on existing properties. With the weakness in high-end demand amid the coronavirus and likely a gradual recovery post the outbreak, we rate Wynn UNDERPERFORM.

Risk: Upside risks that could impede achievement of our target price of HK\$10.9 and UNDERPERFORM rating for Wynn Macau include: (1) better-than-expected gaming revenue recovery, and (2) Wynn properties' better-than-expected market share gain.

Target Price and Rating

Valuation Methodology and Risks: (12 months) for Wynn Resorts Ltd (WYNN.OQ)

Method: Our \$80 target price is based on 11x our 2022 EBITDA. WYNN will likely perform weaker in the near term given its exposure to VIP Macau, and the recent crackdown on the market. Increased supply in Cotai, including a \$5bn property opening next door to Wynn Palace (run by the Ho family) adds risk to the story. Given increased competition and risk that HK political disruption returns (which impacted VIP more in the past), we see multiple expansion harder to come by.

Risk: We see several risks to our \$80 target price and Neutral rating including: Geographic concentration, with 94% of 2020 EBITDA driven by Macau and Las Vegas, earnings from Macau are highly sensitive to the Chinese economy, license renewals in 2022 with potential competitive bidding.

Companies Mentioned (Price as of 13-Nov-2020)

Aristocrat Leisure (ALL.AX, A\$32.44)
Belle Corporation (BEL.PS, P1.58)
Bloomerry Resorts Corporation (BLOOM.PS, P8.4)
Boyd Gaming (BYD.N, \$34.81)
Crown (CWN.AX, A\$9.38)
Galaxy Entertainment Group (0027.HK, HK\$59.25)
Genting Berhad (GENT.KL, RM3.79)
Genting Malaysia Bhd (GENM.KL, RM2.43)
Genting Singapore (GENS.SI, S\$0.74)
Grand Korea Leisure (114090.KS, W14,350)
Kangwon Land (035250.KS, W22,400)
Las Vegas Sands Corp. (LVS.N, \$58.28)
MGM China (2282.HK, HK\$10.88)
MGM Resorts International (MGM.N, \$25.9)
Melco International (0200.HK, HK\$14.42)
Melco Resorts & Entertainment Limited (MLCO.OQ, \$18.06)
NagaCorp Limited (3918.HK, HK\$9.37)
Paradise (034230.KQ, W13,900)
Premium Leisure Corp (PLC.PS, P0.39)
SJM (0880.HK, HK\$9.18)
Sands China (1928.HK, HK\$32.85)
Star Entertainment Group (SGR.AX, A\$3.72)
Summit Ascent (0102.HK, HK\$0.95, OUTPERFORM[V], TP HK\$1.8)
Suncity Group (1383.HK, HK\$0.68)
Suntrust Home (SUN.PS, P1.33)
Tabcorp Holdings (TAH.AX, A\$4.06)
Wynn Macau (1128.HK, HK\$13.3)
Wynn Resorts Ltd (WYNN.OQ, \$92.19)

Disclosure Appendix

Analyst Certification

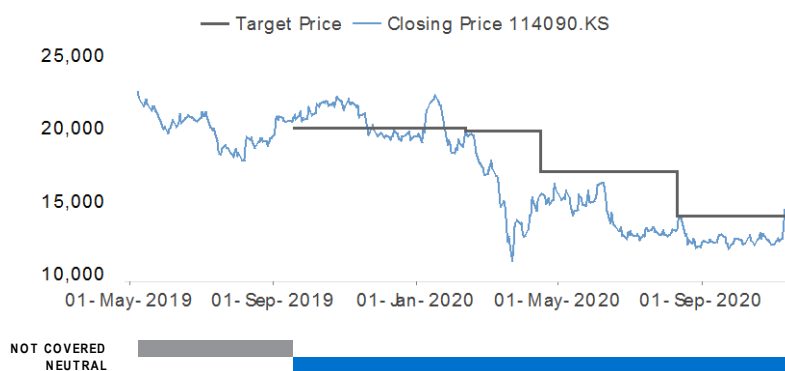
Kenneth Fong, Lok Kan Chan and Rebecca Law each certify, with respect to the companies or securities that the individual analyzes, that (1) the views expressed in this report accurately reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

3-Year Price and Rating History for Grand Korea Leisure (114090.KS)

114090.KS	Closing Price	Target Price	
Date	(W)	(W)	Rating
08-May-19	22,500		NC
19-Sep-19	20,900	20,000	N *
12-Feb-20	19,850	19,800	
16-Apr-20	15,400	17,000	
11-Aug-20	13,100	14,000	

* Asterisk signifies initiation or assumption of coverage.

Effective July 3, 2016, NC denotes termination of coverage.

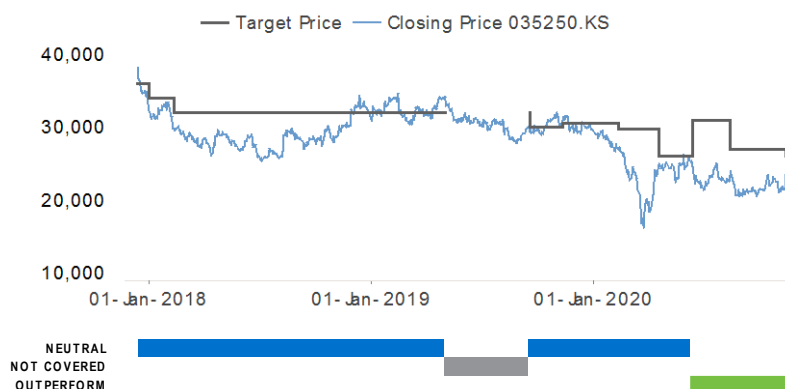


3-Year Price and Rating History for Kangwon Land (035250.KS)

035250.KS	Closing Price	Target Price	
Date	(W)	(W)	Rating
14-Dec-17	38,100	36,000	N
02-Jan-18	32,050	34,000	
12-Feb-18	29,850	32,000	
03-May-19	32,950		NC
19-Sep-19	29,550	30,000	N *
11-Nov-19	31,000	30,500	
11-Feb-20	26,950	29,800	
16-Apr-20	24,700	26,000	
11-Jun-20	24,500	31,000	O
11-Aug-20	23,050	27,000	
11-Nov-20	23,450	26,000	

* Asterisk signifies initiation or assumption of coverage.

Effective July 3, 2016, NC denotes termination of coverage.

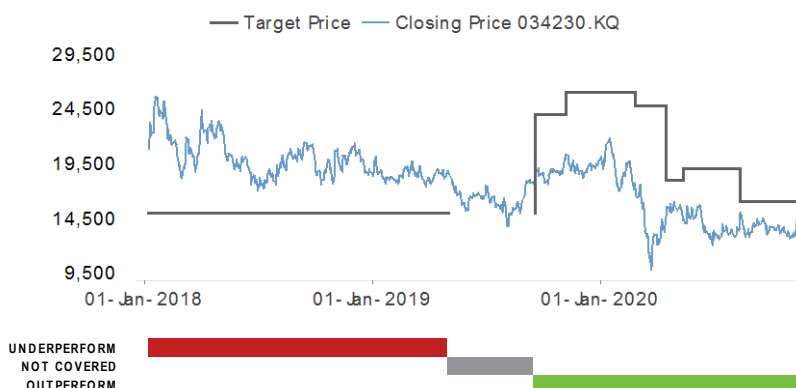


3-Year Price and Rating History for Paradise (034230.KQ)

034230.KQ	Closing Price	Target Price	
Date	(W)	(W)	Rating
08-Jan-18	20,850	15,000	U
03-May-19	18,650		NC
19-Sep-19	18,600	24,000	O *
08-Nov-19	20,300	26,000	
26-Feb-20	17,300	24,800	
16-Apr-20	14,850	18,000	
13-May-20	14,300	19,000	
12-Aug-20	14,950	16,000	

* Asterisk signifies initiation or assumption of coverage.

Effective July 3, 2016, NC denotes termination of coverage.



As of December 10, 2012 Analysts' stock rating are defined as follows:

Outperform (O) : The stock's total return is expected to outperform the relevant benchmark* over the next 12 months.

Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.

Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.

*Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European (excluding Turkey) ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin America, Turkey and Asia (excluding Japan and Australia), stock ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark (India - S&P BSE Sensex Index); prior to 2nd October 2012 U.S. and Canadian ratings were based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe. For Australian and New Zealand stocks, the expected total return (ETR) calculation includes 12-month rolling dividend yield. An Outperform rating is assigned where an ETR is greater than or equal to 7.5%; Underperform where an ETR less than or equal to 5%. A Neutral may be assigned where the ETR is between -5% and 15%. The overlapping rating range allows analysts to assign a rating that puts ETR in the context of associated risks. Prior to 18 May 2015, ETR ranges for Outperform and Underperform ratings did not overlap with Neutral thresholds between 15% and 7.5%, which was in operation from 7 July 2011.

Restricted (R) : In certain circumstances, Credit Suisse policy and/or applicable law and regulations preclude certain types of communications, including an investment recommendation, during the course of Credit Suisse's engagement in an investment banking transaction and in certain other circumstances.

Not Rated (NR) : Credit Suisse Equity Research does not have an investment rating or view on the stock or any other securities related to the company at this time.

Not Covered (NC) : Credit Suisse Equity Research does not provide ongoing coverage of the company or offer an investment rating or investment view on the equity security of the company or related products.

Volatility Indicator [V] : A stock is defined as volatile if the stock price has moved up or down by 20% or more in a month in at least 8 of the past 24 months or the analyst expects significant volatility going forward.

Analysts' sector weightings are distinct from analysts' stock ratings and are based on the analyst's expectations for the fundamentals and/or valuation of the sector* relative to the group's historic fundamentals and/or valuation:

Overweight : The analyst's expectation for the sector's fundamentals and/or valuation is favorable over the next 12 months.

Market Weight : The analyst's expectation for the sector's fundamentals and/or valuation is neutral over the next 12 months.

Underweight : The analyst's expectation for the sector's fundamentals and/or valuation is cautious over the next 12 months.

**An analyst's coverage sector consists of all companies covered by the analyst within the relevant sector. An analyst may cover multiple sectors.*

Credit Suisse's distribution of stock ratings (and banking clients) is:

Global Ratings Distribution

Rating	Versus universe (%)	Of which banking clients (%)
Outperform/Buy*	51%	(33% banking clients)
Neutral/Hold*	36%	(28% banking clients)
Underperform/Sell*	11%	(21% banking clients)
Restricted	1%	

Please click [here](#) to view the MAR quarterly recommendations and investment services report for fundamental research recommendations.

**For purposes of the NYSE and FINRA ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are determined on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.*

Important Global Disclosures

Credit Suisse's research reports are made available to clients through our proprietary research portal on CS PLUS. Credit Suisse research products may also be made available through third-party vendors or alternate electronic means as a convenience. Certain research products are only made available through CS PLUS. The services provided by Credit Suisse's analysts to clients may depend on a specific client's preferences regarding the frequency and manner of receiving communications, the client's risk profile and investment, the size and scope of the overall client relationship with the Firm, as well as legal and regulatory constraints. To access all of Credit Suisse's research that you are entitled to receive in the most timely manner, please contact your sales representative or go to <https://plus.credit-suisse.com>.

Credit Suisse's policy is to update research reports as it deems appropriate, based on developments with the subject company, the sector or the market that may have a material impact on the research views or opinions stated herein.

Credit Suisse's policy is only to publish investment research that is impartial, independent, clear, fair and not misleading. For more detail please refer to Credit Suisse's Policies for Managing Conflicts of Interest in connection with Investment Research: <https://www.credit-suisse.com/sites/disclaimers-ib/en/managing-conflicts.html>.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

Credit Suisse has decided not to enter into business relationships with companies that Credit Suisse has determined to be involved in the development, manufacture, or acquisition of anti-personnel mines and cluster munitions. For Credit Suisse's position on the issue, please see <https://www.credit-suisse.com/media/assets/corporate/docs/about-us/responsibility/banking/policy-summaries-en.pdf>.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse's investment banking activities

Please refer to the firm's disclosure website at <https://rave.credit-suisse.com/disclosures/view/selectArchive> for the definitions of abbreviations typically used in the target price method and risk sections.

See the Companies Mentioned section for full company names

Credit Suisse currently has, or had within the past 12 months, the following as investment banking client(s): 0027.HK, 3918.HK, SGR.AX

Credit Suisse provided investment banking services to the subject company (0027.HK, 3918.HK, SGR.AX) within the past 12 months.

Within the last 12 months, Credit Suisse has received compensation for non-investment banking services or products from the following issuer(s): 3918.HK, CWN.AX

Credit Suisse has managed or co-managed a public offering of securities for the subject company (3918.HK, SGR.AX) within the past 12 months.

Within the past 12 months, Credit Suisse has received compensation for investment banking services from the following issuer(s): 0027.HK, 3918.HK, SGR.AX

Credit Suisse expects to receive or intends to seek investment banking related compensation from the subject company (3918.HK, TAH.AX, CWN.AX) within the next 3 months.

Credit Suisse currently has, or had within the past 12 months, the following issuer(s) as client(s), and the services provided were non-investment-banking, securities-related: 3918.HK, CWN.AX

Credit Suisse acts as a market maker in the shares, depositary receipts, interests or units issued by, and/or any warrants or options on these shares, depositary receipts, interests or units of the following subject issuer(s): 0027.HK, 1928.HK, 0200.HK, 0880.HK, 1128.HK.

Credit Suisse or a member of the Credit Suisse Group is a market maker or liquidity provider in the securities of the following subject issuer(s): ALL.AX, BEL.PS, BLOOM.PS, CWN.AX, 0027.HK, GENT.KL, GENM.KL, GENS.SI, 114090.KS, 035250.KS, LVS.N, 2282.HK, MGM.N, 0200.HK, MLCO.OQ, 3918.HK, 034230.KQ, PLC.PS, 0880.HK, 1928.HK, SGR.AX, 0102.HK, TAH.AX, 1128.HK, WYNN.OQ

A member of the Credit Suisse Group is party to an agreement with, or may have provided services set out in sections A and B of Annex I of Directive 2014/65/EU of the European Parliament and Council ("MiFID Services") to, the subject issuer (0027.HK, 3918.HK, SGR.AX) within the past 12 months.

Credit Suisse may have interest in (GENT.KL, GENM.KL)

Credit Suisse beneficially holds >0.5% long position of the total issued share capital of the subject company (SGR.AX).

For date and time of production, dissemination and history of recommendation for the subject company(ies) featured in this report, disseminated within the past 12 months, please refer to the link: <https://rave.credit-suisse.com/disclosures/view/report?i=568061&v=4mkygcx6kj0sbocgz6cy4ah2u>.

Important Regional Disclosures

Singapore recipients should contact Credit Suisse AG, Singapore Branch for any matters arising from, or in connection with, this research report. The analyst(s) involved in the preparation of this report may participate in events hosted by the subject company, including site visits. Credit Suisse does not accept or permit analysts to accept payment or reimbursement for travel expenses associated with these events.

For Credit Suisse Securities (Canada), Inc.'s policies and procedures regarding the dissemination of equity research, please visit <https://www.credit-suisse.com/sites/disclaimers-ib/en/canada-research-policy.html>.

Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment.

Credit Suisse Equity Research may make decisions about new and ongoing listed company coverage, including initiation, assumption or termination of coverage, based on various factors including: market capitalisation, trading volume, relevance to our institutional investor-clients, availability of information allowing formation and maintenance of a reasonable investment view, internal resourcing and availability of suitable analysts, or other factors of a regulatory nature as may be encountered from time to time.

In the preparation of Credit Suisse's research reports, Credit Suisse may have had assistance from the company (including but not limited to discussions with management of the company and visits to certain sites of the company).

This research report is authored by:

Credit Suisse (Hong Kong) Limited Kenneth Fong ; Lok Kan Chan ; Rebecca Law

To the extent this is a report authored in whole or in part by a non-U.S. analyst and is made available in the U.S., the following are important disclosures regarding any non-U.S. analyst contributors: The non-U.S. research analysts listed below (if any) are not registered/qualified as research analysts with FINRA. The non-U.S. research analysts listed below may not be associated persons of CSSU and therefore may not be subject to the FINRA 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Credit Suisse (Hong Kong) Limited Kenneth Fong ; Lok Kan Chan ; Rebecca Law

Important Credit Suisse HOLT Disclosures

The HOLT methodology does not assign ratings or a target price to a security. It is an analytical tool that involves use of a set of proprietary quantitative algorithms and warranted value calculations, collectively called the HOLT valuation model, that are consistently applied to all the companies included in its database. Third-party data (including consensus earnings estimates) are systematically translated into a number of default variables and incorporated into the algorithms available in the HOLT valuation model. The source financial statement, pricing, and earnings data provided by outside data vendors are subject to quality control and may also be adjusted to more closely measure the underlying economics of firm performance. These adjustments provide consistency when analyzing a single company across time, or analyzing multiple companies across industries or national borders. The default scenario that is produced by the HOLT valuation model establishes a warranted price for a security, and as the third-party data are updated, the warranted price may also change. The default variables may also be adjusted to produce alternative warranted prices, any of which could occur. The warranted price is an algorithmic output applied systematically across all companies based on historical levels and volatility of returns. Additional information about the HOLT methodology is available on request.

CFROI, CFROE, HOLT, HOLT Lens, HOLTfolio, "Clarity is Confidence" and "Powered by HOLT" are trademarks or registered trademarks of Credit Suisse Group AG or its affiliates in the United States and other countries.

HOLT is a corporate performance and valuation advisory service of Credit Suisse.

© 2020 Credit Suisse Group AG and its subsidiaries and affiliates. All rights reserved.

Important disclosures regarding companies that are the subject of this report are available by calling +1 (877) 291-2683. The same important disclosures, with the exception of valuation methodology and risk discussions, are also available on Credit Suisse's disclosure website at <https://rave.credit-suisse.com/disclosures>. For valuation methodology and risks associated with any recommendation, price target, or rating referenced in this report, please refer to the disclosures section of the most recent report regarding the subject company.

This report is produced by subsidiaries and affiliates of Credit Suisse operating under its Global Markets Division. For more information on our structure, please use the following link: <https://www.credit-suisse.com/who-we-are>. This report may contain material that is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Credit Suisse or its affiliates ("CS") to any registration or licensing requirement within such jurisdiction. All material presented in this report, unless specifically indicated otherwise, is under copyright to CS. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of CS. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of CS or its affiliates. The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. CS may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. CS will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Please note in particular that the bases and levels of taxation may change. Information and opinions presented in this report have been obtained or derived from sources believed by CS to be reliable, but CS makes no representation as to their accuracy or completeness. CS accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that such liability arises under specific statutes or regulations applicable to CS. This report is not to be relied upon in substitution for the exercise of independent judgment. CS may have issued, and may in the future issue, other communications that are inconsistent with, and reach different conclusions from, the information presented in this report. Those communications reflect the different assumptions, views and analytical methods of the analysts who prepared them and CS is under no obligation to ensure that such other communications are brought to the attention of any recipient of this report. Some investments referred to in this report will be offered solely by a single entity and in the case of some investments solely by CS, or an associate of CS or CS may be the only market maker in such investments. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by CS and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investors in securities such as ADRs, the values of which are influenced by currency volatility, effectively assume this risk. Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility, and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct their own investigation and analysis of the product and consult with their own professional advisers as to the risks involved in making such a purchase. Some investments discussed in this report may have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when that investment is realised. Those losses may equal your original investment. Indeed, in the case of some investments the potential losses may exceed the amount of initial investment and, in such circumstances, you may be required to pay more money to support those losses. Income yields from investments may fluctuate and, in consequence, initial capital paid to make the investment may be used as part of that income yield. Some investments may not be readily realisable and it may be difficult to sell or realise those investments, similarly it may prove difficult for you to obtain reliable information about the value, or risks, to which such an investment is exposed. This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of CS, CS has not reviewed any such site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to CS's own website material) is provided solely for your convenience and information and the content of any such website does not in any way form part of this document. Accessing such website or following such link through this report or CS's website shall be at your own risk.

This report is issued and distributed in **European Union (except Germany and Spain)**: by Credit Suisse Securities (Europe) Limited, One Cabot Square, London E14 4QJ, England, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority; **Spain**: Credit Suisse Securities, Sociedad de Valores, S.A. ("CSSSV") regulated by the Comisión Nacional del Mercado de Valores; **Germany**: Credit Suisse (Deutschland) Aktiengesellschaft regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin"); **United States**: Credit Suisse Securities (USA) LLC; **Canada**: Credit Suisse Securities (Canada), Inc.; **Switzerland**: Credit Suisse AG; **Brazil**: Banco de Investimentos Credit Suisse (Brasil) S.A. or its affiliates; **Mexico**: Banco Credit Suisse (México), S.A., Institución de Banca Múltiple, Grupo Financiero Credit Suisse (México) and Casa de Bolsa Credit Suisse (México), S.A. de C.V., Grupo Financiero Credit Suisse (México) ("Credit Suisse Mexico"); This document has been prepared for information purposes only and is exclusively distributed in Mexico to Institutional Investors. Credit Suisse Mexico is not responsible for any onward distribution of this report to non-institutional investors by any third party. The authors of this report have not received payment or compensation from any entity or company other than from the relevant Credit Suisse Group company employing them; **Japan**: by Credit Suisse Securities (Japan) Limited, Financial Instruments Firm, Director-General of Kanto Local Finance Bureau (Kinsisho) No. 66, a member of Japan Securities Dealers Association, The Financial Futures Association of Japan, Japan Investment Advisers Association, Type II Financial Instruments Firms Association; **Hong Kong**: Credit Suisse (Hong Kong) Limited; **Australia**: Credit Suisse Equities (Australia) Limited; **Thailand**: Credit Suisse Securities (Thailand) Limited, regulated by the Office of the Securities and Exchange Commission, Thailand, having registered address at 990 Abdulrahim Place, 27th Floor, Unit 2701, Rama IV Road, Silom, Bangkok 10500, Thailand, Tel. +66 2614 6000; **Malaysia**: Credit Suisse Securities (Malaysia) Sdn Bhd; **Singapore**: Credit Suisse AG, Singapore Branch; **India**: Credit Suisse Securities (India) Private Limited (CIN no.U67120MH1996PTC104392) regulated by the Securities and Exchange Board of India as Research Analyst (registration no. INH 000001030) and as Stock Broker (registration no. INZ000248233), having registered address at 9th Floor, Ceejay House, Dr.A.B. Road, Worli, Mumbai - 18, India, T- +91-22 6777 3777; **South Korea**: Credit Suisse Securities (Europe) Limited, Seoul Branch; **Taiwan**: Credit Suisse AG Taipei Securities Branch; **Indonesia**: PT Credit Suisse Sekuritas Indonesia; **Philippines**: Credit Suisse Securities (Philippines) Inc., and elsewhere in the world by the relevant authorised affiliate of the above.

Additional Regional Disclaimers

Australia: Credit Suisse Securities (Europe) Limited ("CSSEL") and Credit Suisse International ("CSI") are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority under UK laws, which differ from Australian Laws. CSSEL and CSI do not hold an Australian Financial Services Licence ("AFSL") and are exempt from the requirement to hold an AFSL under the Corporations Act (Cth) 2001 ("Corporations Act") in respect of the financial services provided to Australian wholesale clients (within the meaning of section 761G of the Corporations Act) (hereinafter referred to as "Financial Services"). This material is not for distribution to retail clients and is directed exclusively at Credit Suisse's professional clients and eligible counterparties as defined by the FCA, and wholesale clients as defined under section 761G of the Corporations Act. Credit Suisse (Hong Kong) Limited ("CSHK") is licensed and regulated by the Securities and Futures Commission of Hong Kong under the laws of Hong Kong, which differ from Australian laws. CSHK does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. Investment banking services in the United States are provided by Credit Suisse Securities (USA) LLC, an affiliate of Credit Suisse Group. CSSU is regulated by the United States Securities and Exchange Commission under United States laws, which differ from Australian laws. CSSU does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. Credit Suisse Asset Management LLC (CSAM) is authorised by the Securities and Exchange Commission under US laws, which differ from Australian laws. CSAM does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. This material is provided solely to Institutional Accounts (as defined in the FINRA rules) who are Eligible Contract Participants (as defined in the US Commodity Exchange Act). Credit Suisse Equities (Australia) Limited (ABN 35 068 232 708) ("CSEAL") is an AFSL holder in Australia (AFSL 237237).

Malaysia: Research provided to residents of Malaysia is authorised by the Head of Research for Credit Suisse Securities (Malaysia) Sdn Bhd, to whom they should direct any queries on +603 2723 2020.

Singapore: This report has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (each as defined under the Financial Advisers Regulations) only, and is also distributed by Credit Suisse AG, Singapore Branch to overseas investors (as defined under the Financial Advisers Regulations). Credit Suisse AG, Singapore Branch may distribute reports produced by its foreign entities or affiliates pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Singapore recipients should contact Credit Suisse AG, Singapore Branch at +65-6212-2000 for matters arising from, or in connection with, this report. By virtue of your status as an institutional investor, accredited investor, expert investor or overseas investor, Credit Suisse AG, Singapore Branch is exempted from complying with certain compliance requirements under the Financial Advisers Act, Chapter 110 of Singapore (the "FAA"), the Financial Advisers Regulations and the relevant Notices and Guidelines issued thereunder, in respect of any financial advisory service which Credit Suisse AG, Singapore Branch may provide to you.

EU: This report has been produced by subsidiaries and affiliates of Credit Suisse operating under its Global Markets Division

In jurisdictions where CS is not already registered or licensed to trade in securities, transactions will only be effected in accordance with applicable securities legislation, which will vary from jurisdiction to jurisdiction and may require that the trade be made in accordance with applicable exemptions from registration or licensing requirements.

This material is issued and distributed in the U.S. by CSSU, a member of NYSE, FINRA, SIPC and the NFA, and CSSU accepts responsibility for its contents. Clients should contact analysts and execute transactions through a Credit Suisse subsidiary or affiliate in their home jurisdiction unless governing law permits otherwise.

CS may provide various services to US municipal entities or obligated persons ("municipalities"), including suggesting individual transactions or trades and entering into such transactions. Any services CS provides to municipalities are not viewed as "advice" within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. CS is providing any such services and related information solely on an arm's length basis and not as an advisor or fiduciary to the municipality. In connection with the provision of the any such services, there is no agreement, direct or indirect, between any municipality (including the officials, management, employees or agents thereof) and CS for CS to provide advice to the municipality. Municipalities should consult with their financial, accounting and legal advisors regarding any such services provided by CS. In addition, CS is not acting for direct or indirect compensation to solicit the municipality on behalf of an unaffiliated broker, dealer, municipal securities dealer, municipal advisor, or investment adviser for the purpose of obtaining or retaining an engagement by the municipality for or in connection with Municipal Financial Products, the issuance of municipal securities, or of an investment adviser to provide investment advisory services to or on behalf of the municipality. If this report is being distributed by a financial institution other than Credit Suisse AG, or its affiliates, that financial institution is solely responsible for distribution. Clients of that institution should contact that institution to effect a transaction in the securities mentioned in this report or require further information. This report does not constitute investment advice by Credit Suisse to the clients of the distributing financial institution, and neither Credit Suisse AG, its affiliates, and their respective officers, directors and employees accept any liability whatsoever for any direct or consequential loss arising from their use of this report or its content. No information or communication provided herein or otherwise is intended to be, or should be construed as, a recommendation within the meaning of the US Department of Labor's final regulation defining "investment advice" for purposes of the Employee Retirement Income Security Act of 1974, as amended and Section 4975 of the Internal Revenue Code of 1986, as amended, and the information provided herein is intended to be general information, and should not be construed as, providing investment advice (impartial or otherwise).

Copyright © 2020 CREDIT SUISSE AG and/or its affiliates. All rights reserved.

When you purchase non-listed Japanese fixed income securities (Japanese government bonds, Japanese municipal bonds, Japanese government guaranteed bonds, Japanese corporate bonds) from CS as a seller, you will be requested to pay the purchase price only.