

City Developments Limited

Road to recovery

SINGAPORE | REAL ESTATE | FY24 UPDATE



StocksBnB.com

17 March 2025

BUY (Maintained)

LAST DONE PRICE	SGD 5.05
FORECAST DIV	SGD 0.12
TARGET PRICE	SGD 6.02
TOTAL RETURN	21.7%

COMPANY DATA

BLOOMBERG CODE:	CIT SP Equity
O/S SHARES (MN):	893
MARKET CAP (USD mn / SGD mn):	3293 / 4396
52 - WK HI/LO (SGD):	6.17 / 4.76
3M Average Daily T/O (mn):	1.41

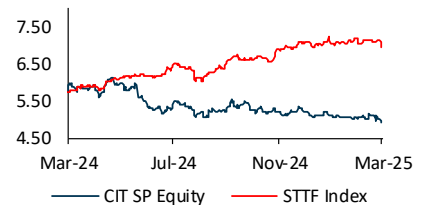
MAJOR SHAREHOLDERS (%)

HONG LEONG INVESTMENT HOLDINGS	18.9%
BLACKROCK INC	5.1%
VANGUARD GROUP	2.3%

TOTAL RETURN (%)

	1MTH	3MTH	1YR
COMPANY	(1.4)	(4.8)	(2.7)
STTF RETURN	0.5	2.1	3.4

PRICE VS. STTF



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Dec, SGD mn	FY23	FY24	FY25e	FY26e
Revenue	4,941	3,271	3,990	4,133
Gross Profit	1,649	1,462	1,746	1,818
EBIT	819	686	808	844
EPS (SGD)	0.34	0.23	0.31	0.34
DPS (SGD)	0.12	0.10	0.12	0.12
P/E (x)	15.0	22.4	16.3	15.0
P/BV (x)	0.5	0.5	0.5	0.5
Div Yield	2.4%	2.0%	2.4%	2.4%
ROE	3.7%	2.3%	3.4%	3.6%

Source: Company Data, Bloomberg

Valuation Method

45% discount to RNAV

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- FY24 PATMI of S\$201mn (-36.6% YoY) was below our expectations, forming 70% of our FY24e forecast. This was due to the timing of profit recognition under the property development segment and a 21% rise in interest expenses. FY24 revenue fell 34% YoY due to lower contributions from property development as FY23 included the full recognition of the EC project, Piermont Grand, and the sale of the Shirokane land site.
- The Orié, launched in 1H25, had a take-up rate of 88% at an average selling price of S\$2,704. Other launched projects in 2024 continue to sell well, with Norwood Grand, Kassia, and Lumina Grand having sold 84%, 71%, and 89% of units, respectively. CDL missed its S\$1bn divestment target for FY24, achieving just over S\$600mn in divestments in Singapore, Suzhou and London.
- Maintain BUY with a lower RNAV TP of S\$6.02 (previous S\$6.87), representing a 45% discount to our RNAV of S\$10.95.** We lower our FY25e PATMI by 38% to factor in higher interest costs and construction delays. We believe asset monetisation, unlocking value through AEs and redevelopments, establishing a fund management franchise, strengthening recurring income streams, and strong take-up rates of launched projects are key earnings drivers for CDL, potentially supporting its share price recovery. A final dividend of 8 cents was declared, bringing FY24 DPS to 10 cents or a dividend yield of 2%.

Results at a glance

(SGD mn)	2H24	2H23	YoY	FY24	FY23	YoY	Comments
Gross revenue	1,709	2,237	-23.6%	3,271	4,941	-33.8%	Due to lower contributions from property devt segment (-66% YoY). FY23 revenue was boosted by the full revenue recognition of the EC project, Piermont Grand and the sale of the Shirokane land site.
Gross profit	769	862	-10.8%	1,462	1,649	-11.3%	
Operating profit	383	532	-28.1%	686	819	-16.2%	
PBT comprising:	219	293	-25.4%	374	473	-20.9%	Due to higher finance costs.
- Property Devt	10	144	-93.3%	19	340	-94.5%	Due to timing of profit recognition, construction delays, and higher financing costs.
- Hotel Ops	170	195	-12.8%	193	189	2.6%	Portfolio RevPAR grew 2.6% YoY, coupled with the acquisitions of Sofitel Brisbane Central, Hilton Paris Opéra, and the reopening of M Social Phuket. FY23 included divestment gains on the disposal of Millennium Harvest Boulder of S\$80mn.
- Investment Ppty	39	(13)	n.m.	146	(41)	n.m.	Higher divestment gains recognised.
- Others	(0.09)	(34)	-99.7%	16	(15)	n.m.	
PATMI	114	251	-54.7%	201	317	-36.6%	

Source: Company, PSR

Key Highlights

Strong sales momentum for Singapore development projects. In FY24, the Group and its JV associates sold 1,489 units with a total sales value of S\$2.97bn (FY23: 730 units with a total sales value of S\$1.5bn). Sales were driven by Lumina Grand, Kassia, Norwood Grand and Union Square Residences. The Orié was launched in 1Q25 to strong demand, with an 88% take-up rate to date. The Group plans to launch the integrated mixed-use development at Zion Road in 2H25, featuring two 62-storey towers with 706 residential units, a retail podium on the first storey, and a 36-storey tower with 376 serviced apartments. The Group continues to monitor market conditions for the ultra-luxury freehold Newport Residences launch.

Growing recurring income streams. Revenue from the investment properties segment grew by 11%, driven by acquisitions such as St Katharine Docks in London and several Private Rented Sector (PRS) assets in Tokyo and Osaka. The Group's Singapore office and retail portfolios remain resilient, achieving a committed occupancy of 97.7% and 98%, respectively.

Positive momentum for the hospitality sector. In FY24, CDL posted a 2.6% increase in PBT YoY in the hospitality sector, due to a 2.6% increase in portfolio RevPAR to S\$172.5 and a 0.5% increase in its GOP margin.

High net gearing. Following the recent acquisitions, FY24 net gearing on fair value on investment properties was 69% (FY23: 61%). The interest coverage ratio stood at 2.1x (FY23: 2.8x). However, CDL maintains a strong liquidity position with S\$2.8bn in cash.

Outlook

Green shoots are emerging in the Singapore property market, with high take-up rates for new launches. We are optimistic about the Zion Road project, even though buyers are mostly Singaporeans or PRs, as the 60% ABSD continues to deter foreigners. We expect low- to mid-single-digit RevPAR growth in FY25 across the Group's hotel portfolio. Capital recycling remains a key priority, with several planned divestments across diverse asset classes and geographies, which could help lower gearing.

Maintain BUY with a lower RNAV TP of S\$6.02

Figure 1: RNAV table

Segment	Location	RNAV (S\$m)	Per share (S\$)		
Residential	SG Development Gains	825	0.92		
	Overseas Development Gains	460	0.51		
	SG+Overseas NAV	4,851	5.43		
Office	SG	2,802	3.14		
Hotels/SRs	SG + Overseas	6,106	6.83		
Retail	SG	741	0.83		
Industrial	SG	331	0.37		
Commercial	Overseas	3,237	3.62		
Stakes in listed entities:					
	<u>Stake</u>	<u>(S\$)</u>	<u>Shares (mn)</u>		
CDL Hospitality Trust	27%	0.84	1,246	283	0.32
IREIT Global REIT	21%	0.24	1,345	68	0.08
First Sponsor Group	35%	1.02	1,110	396	0.44
Total GAV			20,098		22.50
Net cash/(debt)			(10,312)		(11.54)
RNAV:			9,786		10.95
No. of shares (mn)			893.4		
RNAV per share (S\$)			10.95		
Discount to RNAV			45%		
Target Price (S\$)			6.02		

Source: Company, PSR

Financials

Income Statement

Y/E Dec, SGD mn	FY22	FY23	FY24	FY25e	FY26e
Revenue	3,293	4,941	3,271	3,990	4,133
Gross Profit	1,247	1,649	1,462	1,746	1,818
Depreciation & Amortisation	276	254	277	275	270
EBIT	1,880	819	686	808	844
Net Finance (Expense)/Inc	(193)	(394)	(372)	(476)	(472)
Associates & JVs	170	48	61	121	111
Profit Before Tax	1,857	473	374	452	482
Taxation	(543)	(124)	(162)	(145)	(150)
Profit After Tax	1,314	349	212	307	331
Non-Controlling Interest	29	31	11	30	30
Net Income, reported	1,285	317	201	277	301

Per share data (SGD)

Y/E Dec, SGD	FY22	FY23	FY24	FY25e	FY26e
EPS, reported	1.40	0.34	0.23	0.31	0.34
DPS	0.28	0.12	0.10	0.12	0.12
BVPS	10.16	10.12	10.17	9.98	10.04

Cash Flows

Y/E Dec, SGD mn	FY22	FY23	FY24	FY25e	FY26e
CFO					
Profit for the year	1,314	349	212	307	331
Adjustments	(1,468)	462	401	624	626
WC changes	(177)	242	269	594	(44)
Cash generated from ops	212	1,176	1,043	1,671	1,064
Taxes paid, others	(338)	(226)	(114)	(145)	(150)
Cashflow from ops	(126)	950	930	1,526	914
CFI					
CAPEX, net	1,453	(140)	(23)	(88)	(219)
Cashflow from investments	780	(1,860)	(983)	(419)	(671)
CFF					
Dividends paid	(222)	(206)	(126)	(107)	(107)
Cashflow from financing	(290)	726	692	(734)	(741)
Net change in cash	364	(184)	639	372	(497)
Effects of exchange rates	(60)	(20)	(14)	-	-
CCE, end	2,248	2,044	2,670	3,041	2,544

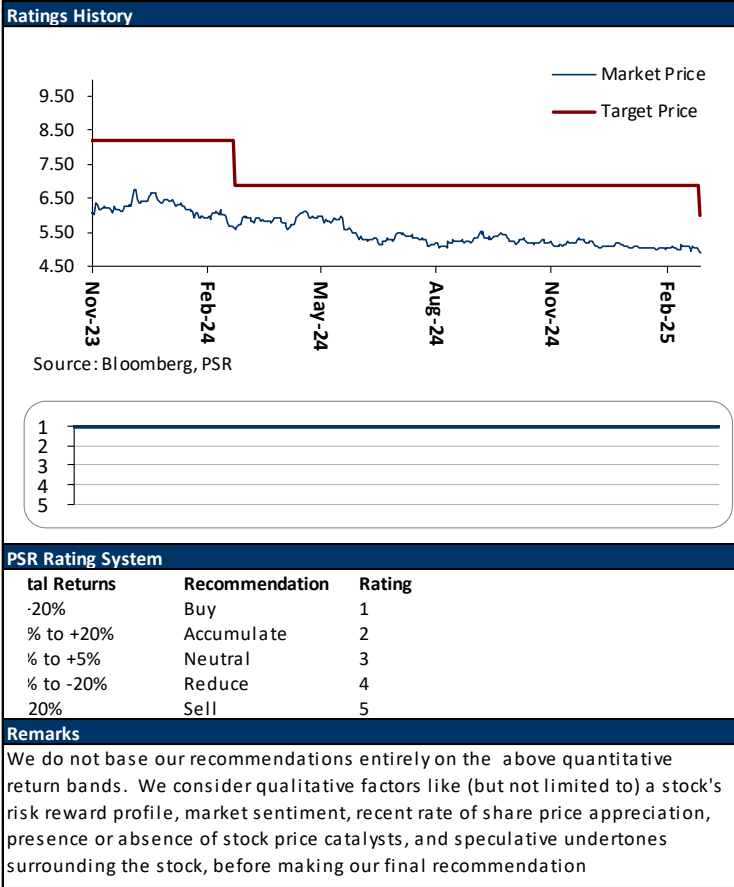
Source: Company, PSR Estimates

Balance Sheet

Y/E Dec, SGD mn	FY22	FY23	FY24	FY25e	FY26e
ASSETS					
PPE	4,061	4,213	4,680	4,599	4,549
Associates & JVs	2,347	2,475	2,468	2,620	2,781
Investment Properties	4,967	6,291	6,696	7,046	7,454
Others	1,027	1,159	1,792	1,798	1,803
Total non-current assets	12,401	14,138	15,635	16,063	16,587
Development property	5,958	4,878	4,851	4,901	4,951
Accounts Receivables	1,697	1,810	1,613	2,056	2,130
Cash balance	2,363	2,400	3,001	3,126	2,628
Others	562	1,008	506	400	400
Total current assets	10,580	10,096	9,972	10,483	10,109
Total Assets	22,981	24,234	25,607	26,545	26,696
LIABILITIES					
Short term loans	2,354	3,913	4,596	4,596	4,596
Accounts Payables	1,466	1,324	1,112	2,208	2,287
Others	1,097	470	596	587	588
Total current liabilities	4,918	5,707	6,304	7,391	7,471
Long term loans	7,315	7,713	8,717	8,717	8,717
Others	1,183	1,275	1,277	1,294	1,315
Total non-current liabilities	8,499	8,988	9,994	10,011	10,033
Total Liabilities	13,416	14,695	16,298	17,402	17,504
EQUITY					
Shareholder Equity	9,216	9,180	9,088	8,920	8,973
Non-controlling interest	348	359	221	223	219
Total Equity	9,565	9,539	9,309	9,143	9,192

Valuation Ratios

Y/E Dec, SGD mn	FY22	FY23	FY24	FY25e	FY26e
P/E (X), adj.	3.51	14.64	21.83	15.86	14.58
P/B (X)	0.48	0.49	0.48	0.49	0.49
Dividend Yield	5.7%	2.4%	2.0%	2.4%	2.4%
Growth & Margins (%)					
Growth					
Revenue	25.4%	50.0%	-33.8%	22.0%	3.6%
EBIT	484.0%	-56.5%	-16.2%	17.8%	4.4%
Net Income	839.8%	-73.5%	-39.2%	44.9%	7.9%
Margins					
EBIT margin	57.1%	16.6%	21.0%	20.2%	20.4%
Net Profit Margin	39.9%	7.1%	6.5%	7.7%	8.0%
Key Ratios					
ROE (%)	13.7%	3.7%	2.3%	3.4%	3.6%
ROA (%)	5.7%	1.4%	0.8%	1.2%	1.2%
Gearing (x)	0.85	0.97	1.11	1.11	1.16



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