

# CapitaLand Investment Limited

## Divesting ION Orchard

SINGAPORE | REAL ESTATE | Update

- CLI will be divesting its 50% stake in ION Orchard to its sponsored REIT, CapitaLand Integrated Commercial Trust (CICT SP, non-rated), for a sales consideration of c.S\$1.08bn. ION Orchard is currently held in a JV with Sun Hung Kai Properties (SHKP), which holds the remaining 50% stake.
- With this transaction, CLI will increase its funds under management (FUM) by S\$1.85bn and will have recycled S\$3.6bn in assets year-to-date, surpassing its annual capital recycling target of S\$3bn. The divestment proceeds will be used to diversify the portfolio across various geographies and asset classes while also establishing new fund products to enhance fee-related income.
- Maintain BUY with an unchanged SOTP TP of S\$3.38. No change in our estimates. This transaction is a positive step in advancing CLI's asset-light strategy, recycling quality assets from its balance sheet, and growing FUM. We estimate that the absence of contribution from ION Orchard will decrease pro-forma FY24e EBITDA by c.S\$106mn, or c.5%, assuming this transaction happened in Jan 2024.

### Details of the transaction

The sales consideration of c.S\$1.08bn was based on the adjusted net asset values of the companies holding ION Orchard, taking into account 50% of the agreed property valuation of c.S\$3.7bn (100% basis). This proposed transaction is subject to the approval of CICT's non-interested unitholders and is targeted to be completed in 4Q24. The sales consideration of c.S\$1.08bn will be paid in cash. CLI has undertaken to fully subscribe to its pro-rata entitlement for the preferential offering as part of the funding for CICT to acquire ION Orchard. As of June 24, CLI's stake in CICT was 24%.



StocksBnB.com

4 September 2024

### BUY (Maintained)

LAST DONE PRICE	SGD 2.80
FORECAST DIV	SGD 0.12
TARGET PRICE	SGD 3.38
TOTAL RETURN	24.8%

### COMPANY DATA

BLOOMBERG CODE:	CLI SP Equity
O/S SHARES (MN):	4,989
MARKET CAP (USD mn / SGD mn):	10675 / 13969
52 - WK HI/LO (SGD):	3.24 / 2.42
3M Average Daily T/O (mn):	8.49

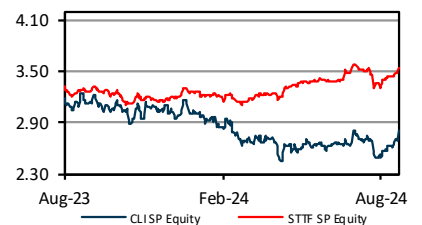
### MAJOR SHAREHOLDERS (%)

TEMASEK HOLDINGS PTE LTD	57.2%
VANGUARD GROUP	2.1%
BLACKROCK INC	2.0%

### PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	-	1.1	(10.9)
STTF RETURN	3.8	6.2	11.3

### PRICE VS. STTF



Source: Bloomberg, PSR

### KEY FINANCIALS

Y/E Dec, SGD mn	FY22	FY23	FY24e	FY25e
Revenue	2,876	2,784	2,998	3,109
Gross Profit	1,290	1,260	1,379	1,430
EBIT	1,435	831	1,564	1,611
EPS (SGD)	16.79	3.54	14.66	16.17
P/E (x)	16.7	79.1	19.1	17.3
P/BV (x)	0.95	1.03	1.02	1.00
DPS (cents)	17.90	12.00	12.00	12.00
Div Yield, %	6.4%	4.3%	4.3%	4.3%
ROE, %	5.7%	1.3%	5.3%	5.8%

Source: Company Data, Bloomberg

### Valuation Method

SOTP

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## Financials

### Income Statement

Y/E Dec, SGD mn	FY21	FY22	FY23	FY24e	FY25e
<b>Revenue</b>	<b>2,293</b>	<b>2,876</b>	<b>2,784</b>	<b>2,998</b>	<b>3,109</b>
<b>Gross profit</b>	<b>1,058</b>	<b>1,290</b>	<b>1,260</b>	<b>1,379</b>	<b>1,430</b>
Operating inc./exp	10	145	(429)	185	181
<b>Gross operating profit</b>	<b>1,068</b>	<b>1,435</b>	<b>831</b>	<b>1,564</b>	<b>1,611</b>
Finance cost	(353)	(432)	(488)	(516)	(516)
Share of results from:					
- Associates	1,008	425	206	267	289
- Joint ventures	210	106	67	94	164
<b>(Loss)/Profit before tax</b>	<b>1,956</b>	<b>1,388</b>	<b>474</b>	<b>1,268</b>	<b>1,398</b>
Tax expense	(396)	(318)	(141)	(377)	(416)
<b>(Loss)/Profit for the year</b>	<b>1,560</b>	<b>1,070</b>	<b>333</b>	<b>891</b>	<b>982</b>
<b>Attributed to:</b>					
Owners of the company	<b>1,349</b>	<b>861</b>	<b>181</b>	<b>750</b>	<b>827</b>
<b>Non-controlling interests</b>	<b>211</b>	<b>209</b>	<b>152</b>	<b>140</b>	<b>155</b>

### Per share data (SGD)

Y/E Dec, SGD cents	FY21	FY22	FY23	FY24e	FY25e
EPS	38.35	16.79	3.54	14.66	16.17
DPS	15.00	17.90	12.00	12.00	12.00
BVPS	4.56	2.95	2.73	2.76	2.80

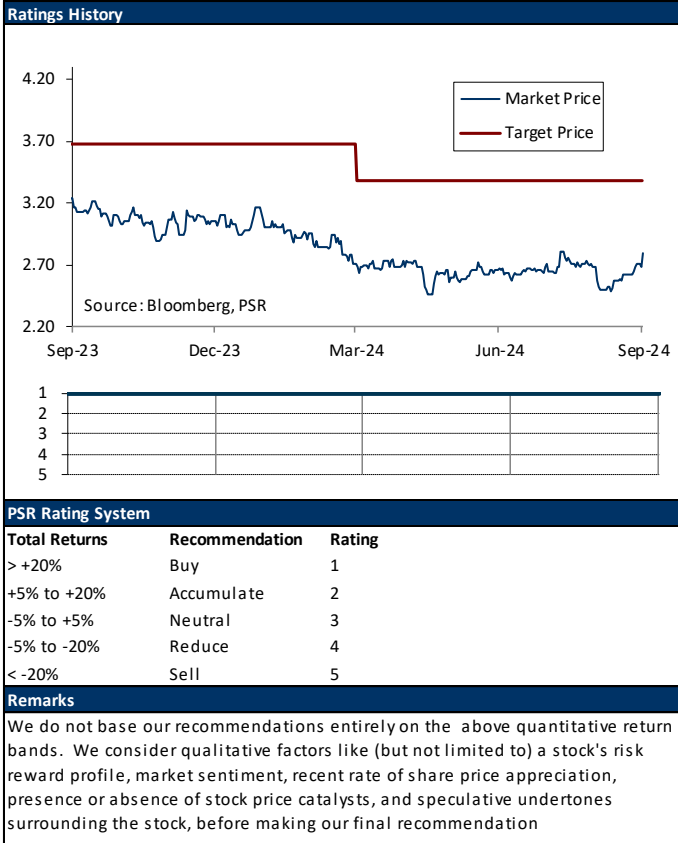
### Cash Flows

Y/E Dec, SGD mn	FY21	FY22	FY23	FY24e	FY25e
<b>CFO</b>					
<b>(Loss)/Profit for the year</b>	<b>1,560</b>	<b>1,070</b>	<b>333</b>	<b>891</b>	<b>891</b>
Adjustments	(941)	(119)	693	673	673
WC changes	255	(21)	(190)	623	(562)
Cash generated from ops	874	930	836	2,187	1,049
Taxes paid, others	(207)	(195)	(154)	(583)	(377)
<b>Cashflow from ops</b>	<b>667</b>	<b>735</b>	<b>682</b>	<b>1,604</b>	<b>672</b>
<b>CFI</b>					
CAPEX	(1,242)	(1,009)	(724)	(90)	(429)
Dividends from associates & JV	1,980	348	413	413	413
Proceeds from disposal of IP	1,354	15	-	-	-
<b>Cashflow from investments</b>	<b>1,268</b>	<b>(382)</b>	<b>(311)</b>	<b>323</b>	<b>(16)</b>
<b>CFF</b>					
Dividends paid	(117)	(958)	(800)	(614)	(614)
Interest expense paid	(342)	(418)	(481)	(420)	-
Net cash from borrowings/debt securities	750	105	374	-	-
<b>Cashflow from financing</b>	<b>223</b>	<b>(1,370)</b>	<b>(1,281)</b>	<b>(1,034)</b>	<b>(614)</b>
<b>Net change in cash</b>	<b>2,158</b>	<b>(1,017)</b>	<b>(910)</b>	<b>893</b>	<b>42</b>
Effects of exchange rates	(21)	(145)	(38)	-	-
<b>Cash &amp; equivalents at end of year</b>	<b>3,815</b>	<b>2,624</b>	<b>2,439</b>	<b>3,236</b>	<b>2,761</b>

Source: Company, Phillip Securities Research (Singapore) Estimates

### Balance Sheet

Y/E Dec, SGD mn	FY21	FY22	FY23	FY24e	FY25e
<b>ASSETS</b>					
PPE	1,067	1,225	1,312	1,283	1,223
Associates & JVs	13,248	13,152	13,043	12,990	13,030
Investment Properties	16,249	14,706	13,572	13,572	13,911
Others	1,260	1,606	1,759	1,759	1,759
<b>Total non-current assets</b>	<b>31,824</b>	<b>30,689</b>	<b>29,686</b>	<b>29,604</b>	<b>29,924</b>
Accounts Receivables	1,661	1,025	939	1,176	1,017
Cash balance	3,877	2,668	2,460	3,236	2,761
Others	284	728	1,048	1,048	1,048
<b>Total current assets</b>	<b>5,822</b>	<b>4,421</b>	<b>4,447</b>	<b>5,460</b>	<b>4,826</b>
<b>Total Assets</b>	<b>37,646</b>	<b>35,110</b>	<b>34,133</b>	<b>35,064</b>	<b>34,750</b>
<b>LIABILITIES</b>					
Short term borrowings	1,941	1,208	1,014	1,014	1,014
Accounts Payables	2,128	2,093	1,455	2,315	1,594
Others	1,547	861	1,075	869	908
<b>Total current liabilities</b>	<b>5,616</b>	<b>4,162</b>	<b>3,544</b>	<b>4,198</b>	<b>3,516</b>
Long term borrowings	10,428	9,880	9,514	9,514	9,514
Others	1,501	2,139	2,838	2,838	2,838
<b>Total non-current liabilities</b>	<b>11,929</b>	<b>12,019</b>	<b>12,352</b>	<b>12,352</b>	<b>12,352</b>
<b>Total Liabilities</b>	<b>17,545</b>	<b>16,181</b>	<b>15,896</b>	<b>16,550</b>	<b>15,868</b>
<b>EQUITY</b>					
Shareholder Equity	<b>16,044</b>	<b>15,133</b>	<b>13,961</b>	<b>14,097</b>	<b>14,311</b>
Perpetual Securities	396	396	396	396	396
Non-controlling interest	3,661	3,400	3,880	4,020	4,175
<b>Total Equity</b>	<b>20,101</b>	<b>18,929</b>	<b>18,237</b>	<b>18,514</b>	<b>18,882</b>
<b>Valuation Ratios</b>					
Y/E Dec	FY21	FY22	FY23	FY24e	FY25e
P/E	7.3	16.7	79.1	19.1	17.3
P/B	0.61	0.95	1.03	1.02	1.00
Dividend Yield		6.4%	4.3%	4.3%	4.3%
<b>Growth &amp; Margins</b>					
<b>Growth</b>					
Revenue	15.6%	25.4%	-3.2%	7.7%	3.7%
EBIT	n.m.	34.4%	-42.1%	88.2%	3.0%
Net Income, adj.	n.m.	-31.4%	-68.9%	167.5%	10.3%
<b>Margins</b>					
EBIT margin	46.6%	49.9%	29.8%	52.2%	52.2%
Net Profit Margin	68.0%	37.2%	12.0%	29.7%	29.7%
<b>Key Ratios</b>					
ROE	8.4%	5.7%	1.3%	5.3%	5.8%
ROA	4.1%	3.0%	1.0%	2.5%	2.8%
Debt/Equity	0.48	0.52	0.56	0.51	0.52



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