

Singapore

January 7, 2019 - 12:33 PM

ADD *(no change)*

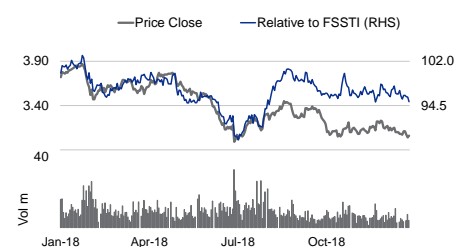
Consensus ratings*: Buy 19 Hold 2 Sell 0

Current price:	S\$3.06
Target price:	S\$3.55
Previous target:	S\$3.55
Up/downside:	16.2%
CGS-CIMB / Consensus:	-12.1%
Reuters:	CATL.SI
Bloomberg:	CAPL SP
Market cap:	US\$9,357m
	S\$12,738m
Average daily turnover:	US\$13.76m
	S\$18.92m
Current shares o/s	4,163m
Free float:	52.7%

*Source: Bloomberg

Key financial forecasts

	Dec-18F	Dec-19F	Dec-20F
Net Profit (S\$m)	1,128	1,322	1,074
Core EPS (S\$)	0.27	0.31	0.25
Core EPS Growth	(55.6%)	17.2%	(18.8%)
FD Core P/E (x)	13.55	11.57	13.17
Recurring ROE	6.04%	6.83%	5.36%
P/BV (x)	0.69	0.66	0.64
DPS (S\$)	0.12	0.12	0.13
Dividend Yield	3.92%	3.91%	4.22%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-5	-7.6	-16.4
Relative (%)	-1.6	-2.3	-3.8

Major shareholders	% held
Temasek Holdings	40.3
Blackrock	7.0

Analyst(s)

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CapitaLand

Joining Shanghai's most coveted office area

- CAPL has entered a JV to acquire c.70% of Pufa Tower in Shanghai, China for Rmb2,752m; this will be seeded into a commercial value-add fund.
- Post-acquisition, CAPL will undertake a comprehensive asset enhancement initiative (AEI) to extract greater value.
- We maintain our Add call with a TP of S\$3.55.

Acquisition of a prime office building in Shanghai via JV

- CAPL has acquired c.70% of Pufa Tower in Shanghai, China for Rmb2,752m (about S\$546.3m) via a 50:50 joint venture with an unrelated third party. This asset is operational and will immediately contribute to the group's recurring income.
- The property has been identified as a prime asset to be seeded into the value-add fund CAPL is setting up to invest in key gateway cities in Asia. The fund size is expected to be up to US\$1bn AUM.

Maiden entry into Lujiazui CBD

- The acquisition represents CAPL's first office property in Shanghai's core Lujiazui CBD in Pudong New Area. Office rents in Lujiazui CBD are the highest in the city and are expected to trend upwards in view of the sharp decline in office supply from 2019.
- CAPL will own levels 8-19 and 21-32, representing a total GFA of 41,773 sqm of the 34-storey tall building and 61 car park lots. The ground floor lobby and level 20 are co-owned with Shanghai Pudong Development Bank, which owns the rest of the building.

Strong potential for enhancement

- With its last major renovation in 2002, CAPL sees significant potential in enhancing the asset's value by upgrading specifications, tenant mix and improving operational efficiencies; this could improve net yield of >4%. This is in line with its investment strategy of renewal of ageing commercial assets in a city with continual high demand coupled with low supply.

Maintain Add

- We maintain our Add call and TP of S\$3.55 which is pegged to a 35% discount to RNAV. Contributions from the acquisitions have not been factored into our forecasts and RNAV is unchanged for now. Potential catalysts include faster-than-expected pace of re-investment while downside risks would be a slowdown in pace of capital deployment or rate of investment returns.

Figure 1: Property Summary

Property Name	Pufa Tower
Address	588 South Pudong Road, Pudong, Shanghai
Description	23-storey office tower with 3 levels of basement carpark
GFA (L8-L19, L21-L32)	41,773 sqm
Carpark Spaces	61
Land Tenure Expiry	2045

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Singapore developers peer comparison

Company	Bloomberg Ticker	Recom.	Price (lc)	Tgt Px (lc)	Mkt Cap (US\$ m)	Core P/E (x)			RNAV FY19F	Prem./(Disc.) to RNAV (%)	P/BV (x)		Div. Yield (%)	
						FY18F	FY19F	FY20F			FY18F	FY19F	FY18F	FY19F
Aspen (Group) Holdings Ltd	ASPEN SP	Add	0.12	0.29	88	2.6	4.8	na	0.53	-77%	1.14	0.90	7.6%	4.1%
CapitaLand	CAPL SP	Add	3.06	3.55	9,357	11.5	9.8	12.1	5.47	-44%	0.69	0.66	3.9%	3.9%
City Developments	CIT SP	Add	8.08	10.65	5,383	13.4	15.2	17.1	16.38	-51%	0.77	0.75	2.2%	2.2%
Frasers Property Limited	FPL SP	Add	1.67	2.08	3,582	13.1	11.7	17.5	3.20	-48%	0.52	0.50	3.7%	5.1%
Guocoland	GUOL SP	Add	1.77	2.25	1,538	7.7	17.0	16.4	3.76	-53%	0.46	0.47	4.0%	4.0%
Ho Bee Land	HOBEE SP	Add	2.40	3.00	1,173	12.7	16.9	12.4	4.99	-52%	0.49	0.48	4.2%	4.2%
Hongkong Land Holdings Ltd	HKL SP	Add	6.60	9.50	15,529	14.7	13.7	12.0	13.50	-51%	0.42	0.46	3.3%	3.5%
Perennial Real Estate Holdings	PREH SP	Add	0.63	0.99	769	2141.4	174.2	96.6	1.99	-68%	0.38	0.38	1.6%	1.6%
United Engineers	UEM SP	Add	2.55	2.94	1,194	68.9	46.1	46.2	3.46	-26%	0.83	0.82	1.6%	1.6%
UOL Group	UOL SP	Add	6.08	8.45	3,764	11.9	13.4	12.7	12.07	-50%	0.53	0.51	2.9%	2.9%
Wing Tai Holdings	WINGT SP	Hold	1.94	1.97	1,093	7.5	21.6	11.6	3.58	-46%	0.43	0.45	4.1%	4.1%
Singapore average						13.0	13.2	13.6		-51%	0.52	0.53	3.3%	3.5%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

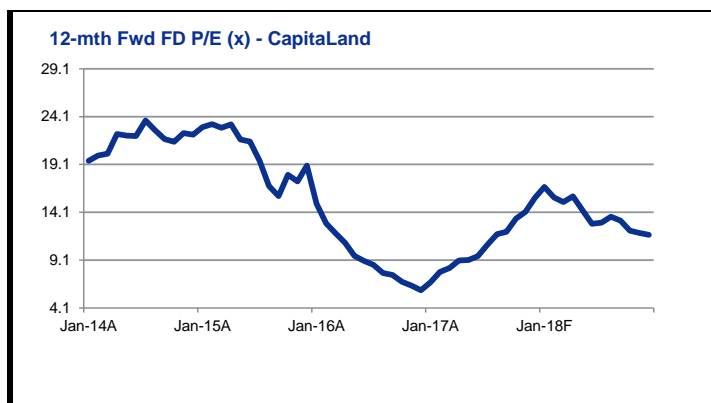
BY THE NUMBERS

Profit & Loss				
(\$m)	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Net Revenues	4,610	5,165	4,951	4,616
Gross Profit	1,739	1,949	1,868	1,742
Operating EBITDA	3,180	1,917	2,282	2,002
Depreciation And Amortisation	(69)	(79)	(83)	(82)
Operating EBIT	3,111	1,837	2,199	1,920
Financial Income/(Expense)	(425)	(572)	(630)	(676)
Pretax Income/(Loss) from Assoc.	877	481	471	428
Non-Operating Income/(Expense)	0	0	0	0
Profit Before Tax (pre-EI)	3,562	1,746	2,039	1,672
Exceptional Items	652	0	0	0
Pre-tax Profit	4,215	1,746	2,039	1,672
Taxation	(298)	(198)	(231)	(190)
Exceptional Income - post-tax				
Profit After Tax	3,917	1,548	1,808	1,482
Minority Interests	(775)	(420)	(486)	(408)
Prof. & Special Div	0	0	0	0
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	3,142	1,128	1,322	1,074
Recurring Net Profit	2,536	1,128	1,322	1,074
Fully Diluted Recurring Net Profit	2,536	1,128	1,322	1,074

Balance Sheet				
(\$m)	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Cash And Equivalents	6,105	3,134	1,834	6,537
Properties Under Development				
Total Debtors	1,471	1,648	1,580	1,473
Inventories	4,074	7,018	7,160	2,187
Total Other Current Assets	577	647	620	578
Total Current Assets	12,227	12,446	11,194	10,774
Fixed Assets	840	840	835	833
Total Investments	47,815	50,083	53,409	54,886
Intangible Assets	563	631	605	564
Total Other Non-Current Assets	0	0	0	0
Total Non-current Assets	49,219	51,554	54,850	56,282
Short-term Debt	2,739	2,822	2,944	3,024
Current Portion of Long-Term Debt				
Total Creditors	5,442	6,097	5,845	5,449
Other Current Liabilities	622	697	668	623
Total Current Liabilities	8,803	9,615	9,457	9,096
Total Long-term Debt	18,956	19,531	20,376	20,930
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	1,604	1,797	1,723	1,606
Total Non-current Liabilities	20,560	21,328	22,099	22,536
Total Provisions	0	0	0	0
Total Liabilities	29,363	30,944	31,556	31,632
Shareholders' Equity	18,382	18,940	19,760	20,297
Minority Interests	13,701	14,116	14,727	15,128
Total Equity	32,083	33,056	34,487	35,425

Cash Flow				
(\$m)	Dec-17A	Dec-18F	Dec-19F	Dec-20F
EBITDA	3,180	1,917	2,282	2,002
Cash Flow from Invnt. & Assoc.				
Change In Working Capital	961	(2,461)	(328)	4,681
Straight Line Adjustment				
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	69	170	243	330
Other Operating Cashflow	(1,143)	(815)	(842)	(933)
Net Interest (Paid)/Received	0	0	0	0
Tax Paid	(344)	(229)	(267)	(219)
Cashflow From Operations	2,722	(1,418)	1,087	5,860
Capex	(4,616)	(772)	(1,892)	(177)
Disposals Of FAs/subsidiaries	2,846	(48)	(47)	(47)
Disposals of Investment Properties				
Acq. Of Subsidiaries/Investments	0	0	0	0
Other Investing Cashflow	0	0	0	0
Cash Flow From Investing	(1,770)	(820)	(1,939)	(224)
Debt Raised/(repaid)	1,708	730	979	648
Proceeds From Issue Of Shares	0	0	0	0
Shares Repurchased	0	0	0	0
Dividends Paid	(510)	(510)	(502)	(537)
Preferred Dividends				
Other Financing Cashflow	(219)	(711)	(735)	(767)
Cash Flow From Financing	979	(491)	(259)	(656)

Key Ratios				
	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue Growth	(12.2%)	12.0%	(4.1%)	(6.8%)
Operating EBITDA Growth	150%	(40%)	19%	(12%)
Operating EBITDA Margin	69.0%	37.1%	46.1%	43.4%
Net Cash Per Share (\$)	(3.67)	(4.52)	(5.06)	(4.10)
BVPS (\$)	4.33	4.46	4.65	4.78
Gross Interest Cover	6.39	2.82	3.28	2.74
Effective Tax Rate	7.1%	11.4%	11.4%	11.4%
Net Dividend Payout Ratio	20.5%	45.2%	38.0%	50.0%
Accounts Receivables Days	131.8	110.2	118.9	121.0
Inventory Days	566.5	629.4	839.2	595.1
Accounts Payables Days	643.9	654.8	706.9	719.1
ROIC (%)	73%	104%	46%	37%
ROCE (%)	6.83%	3.51%	3.96%	3.32%
Return On Average Assets	6.62%	3.23%	3.58%	3.07%



Key Drivers				
	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Unbooked Presales (m) (\$)	N/A	N/A	N/A	N/A
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	N/A	N/A	N/A	N/A
Gross Margins (%)	N/A	N/A	N/A	N/A
Contracted Sales ASP (per Sm) (\$)	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	N/A	N/A	N/A	N/A
Investment rev / total rev (%)	N/A	N/A	N/A	N/A
Residential rev / total rev (%)	114.8%	54.1%	N/A	N/A
Invnt. properties rental margin (%)	21.7%	21.7%	21.7%	21.7%
SG&A / Sales Ratio (%)	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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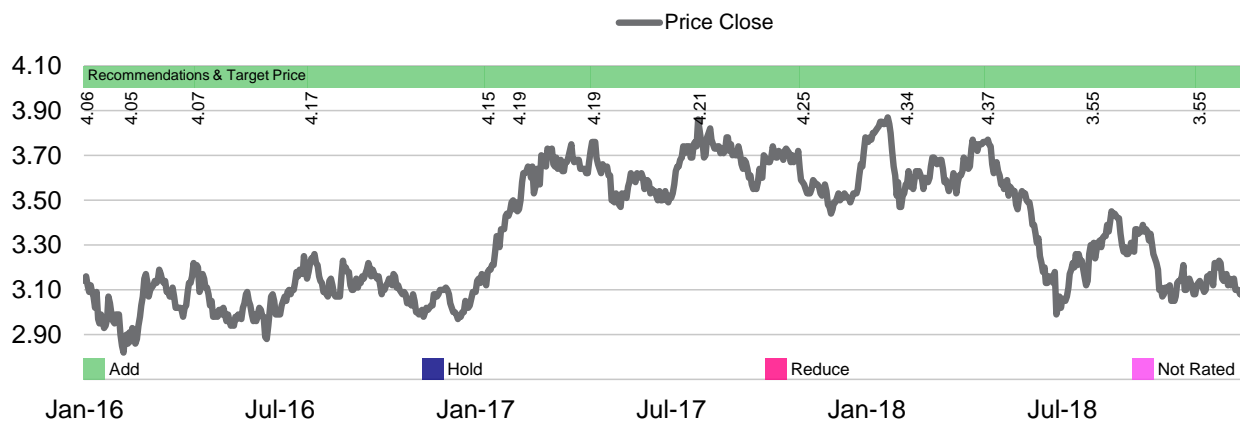
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2018		
759 companies under coverage for quarter ended on 30 September 2018		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.5%	4.2%
Hold	25.8%	2.4%
Reduce	13.7%	0.4%

Spitzer Chart for stock being researched (2 year data)

CapitaLand (CAPL SP)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2018, Anti-Corruption 2018

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, Declared, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** - Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** - Good, Declared, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Very Good, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **DELTA** - Excellent, n/a, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HREIT** - Excellent, Certified **ICHI** – Excellent, Declared, **HUMAN** – not available, n/a, **III** – Good, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD*** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Declared, **MALEE** – Very Good, Certified, **MC** – Very Good, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Declared, **NETBAY** – Good, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PSH** – Excellent, Certified, **PSTC** – Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **RSP** – not available, n/a, **SAMART** - Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Very Good, Certified, **SF** – Good, n/a, **SIRI** – Very Good, Certified, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Declared, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, Declared, **TMB** - Excellent, Certified, **TNR** – Very Good, Declared, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WORK** – Good, n/a.

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- Companies certified by CAC

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Recommendation Framework

Stock Ratings

Definition:	
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:	
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:	
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.

Underweight

An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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