

## COMPANY RESULTS

### City Developments (CIT SP)

2024: "Succession" Singapore Style; Downgrade To HOLD

CDL's 2024 results missed our and consensus estimates. However, this was overshadowed by news of a very public leadership tussle that has caused us to downgrade the stock to a HOLD. While the company has extremely valuable assets in Singapore and globally, we believe the stock will likely find it difficult to perform given this overhang. We lower the target price to S\$4.60.

#### 2024 RESULTS

12M to 31 Dec, S\$m	2023	2024	Chg %	Remarks
Revenue	4,941	3,271	-33.8%	- Dragged down by timing of revenue recognition in its
Gross profit	1,649	1,462	-11.3%	Singapore property development segment
EBITDA*	1,073	963	-10.3%	
Divestment gains	158	272	72.2%	- Positive impact from S\$0.6b in divestment
Associates/JVs	48	61	27.1%	
PATMI	317	201	-36.6%	- Negatively impacted by S\$0.5b in interest cost
Gross profit margin	33.4%	44.7%	+11.3ppt	
PATMI margin	6.4%	6.1%	-0.3ppt	

Note: \* Excluding divestment gains and impairment losses

Source: City Developments Limited, UOB Kay Hian

#### RESULTS

- Results missed our and consensus estimates...** City Developments (CDL) reported 2024 revenue of S\$3.3b for 2024 (-34% yoy) and PATMI of S\$201m (-37% yoy), dragged by timing of revenue recognition in its Singapore property development segment, delays in certain construction projects, as well as higher-than-expected interest cost. A final dividend of S\$0.08/share was declared, bringing full-year DPS to S\$0.10/share (2023: S\$0.12/share).
- ... but were unarguably overshadowed by news of a boardroom tussle.** Executive Chairman Kwek Leng Beng disclosed that he had filed court papers against his son and CEO Sherman Kwek, as well as other members of the Board of Directors. According to the chairman, the suit is meant to address "an attempted 'coup' and to restore corporate integrity", and we understand that he had sought to remove his son as CEO in early-Feb 25.
- We downgrade the stock to a HOLD** in light of the very public leadership fracture as we believe that the company's share price is unlikely to perform with this overhang. We have elected to peg our fair value for the stock at 2SD below its five-year average P/B of 0.72x, thus resulting in a target price of S\$4.60.

#### KEY FINANCIALS

Year to 31 Dec (S\$m)	2023	2024	2025F	2026F	2027F
Net turnover	4,941	3,271	3,414	3,951	4,067
EBITDA	1,073	963	1,128	571	847
Operating profit	819	686	823	236	478
Net profit (rep./act.)	305	191	382	436	385
Net profit (adj.)	317	201	392	447	395
EPS (S\$ cent)	35.0	22.2	43.2	49.4	43.7
PE (x)	14.6	23.1	11.8	10.4	11.7
P/B (x)	0.5	0.5	0.5	0.5	0.5
EV/EBITDA (x)	12.7	14.2	12.1	23.9	16.1
Dividend yield (%)	2.3	2.0	2.5	2.9	2.5
Net margin (%)	6.2	5.8	11.2	11.0	9.5
Net debt/(cash) to equity (%)	100.5	113.5	93.7	85.3	78.7
Interest cover (x)	2.7	2.6	2.5	1.5	2.4
ROE (%)	3.3	2.1	4.1	4.6	3.9
Consensus net profit	-	-	323	417	n.a.
UOBKH/Consensus (x)	-	-	1.22	1.07	n.a.

Source: City Developments Limited, Bloomberg, UOB Kay Hian

## HOLD

(Downgraded)

Share Price	S\$5.12
Target Price	S\$4.60
Upside	-10.1%
(Previous TP)	S\$7.00

#### COMPANY DESCRIPTION

CDL is a global real estate operating company with a geographically diverse portfolio comprising residences, offices, hotels, serviced apartments, integrated developments and shopping malls.

#### STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	CIT SP
Shares issued (m):	893.4
Market cap (S\$m):	4,574.2
Market cap (US\$m):	3,419.2
3-mth avg daily t'over (US\$m):	4.1

#### Price Performance (%)

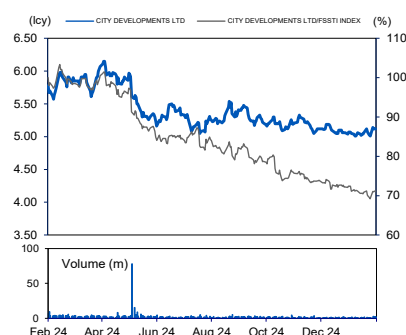
52-week high/low S\$6.19/S\$5.00

1mth	3mth	6mth	1yr	YTD
1.2	(1.5)	(3.6)	(14.4)	0.2

#### Major Shareholders

	%
Kwek Hldgs	48.6
-	-
FY25 NAV/Share (S\$)	10.05
FY25 Net Debt/Share (S\$)	9.70

#### PRICE CHART



Source: Bloomberg

#### ANALYST(S)

**Adrian Loh**  
+65 6590 6633  
adrianloh@uobkayhian.com

## STOCK IMPACT

- **Balance sheet remains weak with interest cost a major burden.** In 2024, CDL's net gearing rose to 117% vs 103% in 2023, primarily due to higher borrowings for acquisitions and developments. As a result of the higher loan burden, the company's interest cover ratio fell to 2.1x (2023: 2.8x) and with its average borrowing cost having risen to 4.4% (2023: 4.3%), interest cost ballooned to S\$0.57b. This year will likely see a similar level of interest costs given that consensus expectations for US Fed rate cuts have sharply ameliorated compared to 12 months ago. CDL's cash and available committed credit facilities stood at S\$4.5b at end-24 vs S\$3.6b at end-23.
- **Pain in property development.** Revenue from this segment declined by a significant 66% yoy to S\$939m, resulting in pre-tax profit dropping 94% yoy to S\$19m which the company attributed to: a) higher base effect in 2023 which saw revenue and profit recognition from the Piermont Grand EC project and the sale of the Shirokane land site in Tokyo, b) construction delays, and c) higher financing costs. On a brighter note, the company launched The Orie in Jan 25, which saw 88% sell-through and has a further 950 units in its launch pipeline this year.
- **The hotel segment saw an 8% yoy revenue increase** to S\$1.6b with pre-tax profit of S\$193m (+2.5% yoy), helped by a S\$55m reversal of impairment losses. Operationally, the result was driven by contributions from newly acquired properties like Sofitel Brisbane Central (Dec 23) and Hilton Paris Opéra (May 24), as well as the reopening of M Social Phuket (Jan 24). Although RevPAR expanded across most regions in 2024, Singapore and the US (excluding New York) notably saw weaker performance with RevPAR declining by 3.4% and 2.6% respectively.
- **CDL's investment properties continue to do well** with pre-tax profit of S\$146m (2023: loss of S\$41m), driven by contributions from St Katharine Docks (acquired in Mar 23), Jungceylon Shopping Center (reopened in phases), and the Living Sector portfolio in Japan and the UK. The company also benefited from various divestment gains, eg Cideco Industrial Complex and Fortune Centre. Both its Singapore commercial and retail portfolios continue to enjoy nearly 98% committed occupancy.

## EARNINGS REVISION/RISK

- **Earnings downgraded.** We lowered our 2025-26E earnings by 4-5% to account for higher-than-expected financing costs as well as slightly lower margins in the company's hotel segment.

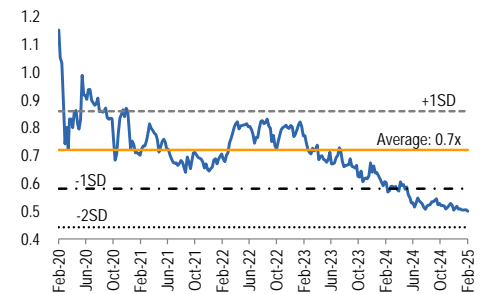
## VALUATION/RECOMMENDATION

- **We downgrade our rating on CDL to a HOLD with a lower target price of S\$4.60.** This fair value is based on a P/B of 0.72x, which is 2SD below its five-year average. We note that our fair value is a 60% discount to our assessed RNAV of S\$11.70/share. CDL disclosed in its results presentation that its RNAV (including revaluation of its hotel portfolio) was S\$19.86/share as at end-24. Without a swift resolution to the leadership tussle and more active capital recycling, CDL's share price will not likely approach these levels any time soon. Professionalising the management and clearing out the factions within the board, reconciliation of the family members, and/or putting up the company for sale are clearly measures that could lead to near-term pain relief for CDL's long-suffering minority shareholders.

## SHARE PRICE CATALYSTS

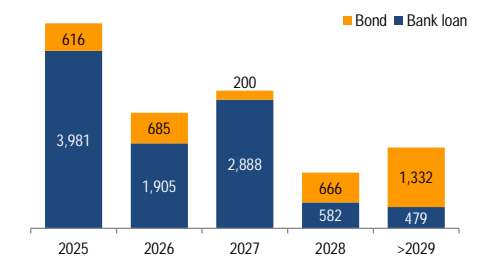
- Resolution of the company's leadership issues; addressing the overleveraged balance sheet via further capital recycling and asset divestments.

## 5-YEAR P/B



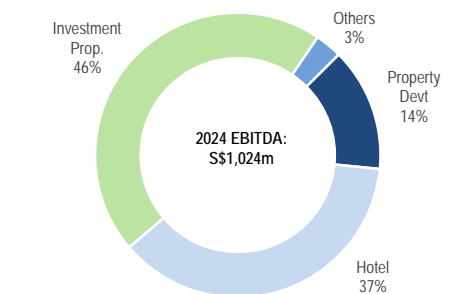
Source: Bloomberg, UOB Kay Hian

## DEBT MATURITY PROFILE (\$m)



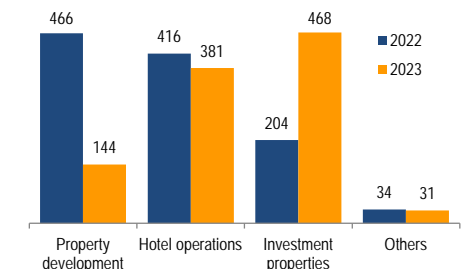
Source: Bloomberg, UOB Kay Hian

## SHARE OF EBITDA (INCL. DIVESTMENT GAINS)



Source: CDL

## EBITDA (INCL. DIVESTMENT GAINS)



Source: CDL

## CHANGES TO EARNINGS FORECASTS

S\$m	2025E	2026E
NPAT - was	412	465
NPAT - is	392	445
Change	-4.8%	-4.4%

Source: UOB Kay Hian

### PROFIT & LOSS

Year to 31 Dec (\$m)	2024	2025F	2026F	2027F
Net turnover	3,271.2	3,413.5	3,950.7	4,066.8
EBITDA	963.0	1,128.0	571.1	847.4
Deprec. & amort.	277.3	305.1	335.6	369.1
EBIT	685.7	823.0	235.5	478.3
Total other non-operating income	(10.5)	(10.5)	(8.5)	(8.5)
Associate contributions	60.8	208.5	794.4	462.6
Net interest income/(expense)	(372.4)	(443.2)	(371.7)	(351.1)
Pre-tax profit	363.6	577.8	649.8	581.3
Tax	(162.1)	(147.1)	(164.6)	(147.4)
Minorities	(10.6)	(49.0)	(49.0)	(49.0)
Net profit	190.8	381.7	436.2	384.9
Net profit (adj.)	201.3	392.2	446.7	395.3

### BALANCE SHEET

Year to 31 Dec (\$m)	2024	2025F	2026F	2027F
Fixed assets	4,680	4,397	4,397	4,397
Other LT assets	10,955	11,176	11,015	10,870
Cash/ST investment	3,001	4,141	4,220	4,265
Other current assets	6,970	5,853	5,853	5,853
Total assets	25,607	25,568	25,485	25,385
ST debt	4,596	4,616	4,168	3,770
Other current liabilities	1,708	1,708	1,708	1,708
LT debt	8,717	8,317	8,317	8,317
Other LT liabilities	1,277	1,277	1,277	1,277
Shareholders' equity	9,088	9,379	9,696	9,945
Minority interest	221	270	319	368
Total liabilities & equity	25,607	25,568	25,485	25,385

### CASH FLOW

Year to 31 Dec (\$m)	2024	2025F	2026F	2027F
Operating	930	2,098	407	700
Pre-tax profit	212	441	494	442
Tax	0	0	0	0
Deprec. & amort.	277	305	336	369
Associates	(61)	(208)	(794)	(463)
Working capital changes	269	1,117	0	0
Non-cash items	0	0	0	0
Other operating cashflows	233	443	372	351
Investing	(983)	(98)	518	188
Capex (growth)	(346)	(400)	(400)	(400)
Investments	(813)	(23)	(23)	(23)
Proceeds from sale of assets	0	0	0	0
Others	176	324	940	611
Financing	692	(860)	(845)	(843)
Dividend payments	(126)	(101)	(128)	(144)
Proceeds from borrowings	1,718	0	0	0
Loan repayment	0	(400)	(400)	(400)
Others/interest paid	(899)	(359)	(317)	(299)
Net cash inflow (outflow)	639	1,140	79	45
Beginning cash & cash equivalent	2,162	2,801	3,940	4,019
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	2,801	3,940	4,019	4,064

### KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	29.4	33.0	14.5	20.8
Pre-tax margin	11.1	16.9	16.4	14.3
Net margin	5.8	11.2	11.0	9.5
ROA	0.8	1.5	1.7	1.5
ROE	2.1	4.1	4.6	3.9
Growth				
Turnover	(33.8)	4.4	15.7	2.9
EBITDA	(10.2)	17.1	(49.4)	48.4
Pre-tax profit	(21.0)	58.9	12.5	(10.5)
Net profit	(37.4)	100.0	14.3	(11.8)
Net profit (adj.)	(36.6)	94.8	13.9	(11.5)
EPS	(36.6)	94.8	14.2	(11.5)
Leverage				
Debt to total capital	58.9	57.3	55.5	54.0
Debt to equity	146.5	137.9	128.8	121.5
Net debt/(cash) to equity	113.5	93.7	85.3	78.7
Interest cover (x)	2.6	2.5	1.5	2.4

## Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

**This report is prepared for general circulation.** It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

## IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

### Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries or jurisdictions by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2025, UOB Kay Hian Pte Ltd. All rights reserved.

<http://research.uobkayhian.com>

RCB Regn. No. 197000447W