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CapitaLand registers 2Q 2019 PATMI of S$579.8 million

Singapore, 7 August 2019 – CapitaLand Limited registered a PATMI of S$579.8 million in 2Q 2019, 4.2% lower as compared to 2Q 2018. This was mainly attributed to the one-off transaction costs incurred on the acquisition of Ascendas-Singbridge (ASB)[1]. Excluding these costs, the Group's PATMI for the quarter would have increased 1.7%, mainly due to higher gains from asset recycling and revaluation gains on the Group's investment properties, offset by lower contribution from residential projects.

In 1H 2019, CapitaLand registered total PATMI of S$875.4 million, 5.3% lower as compared to the previous corresponding period. Operating PATMI[2] was 14.9% lower, mainly due to the lower contribution from residential projects in Singapore and China, as there were fewer units handed over compared to 1H 2018.

Revenue for 2Q 2019 decreased 19.3% to S$1,082.8 million mainly due to lower contributions from the residential trading business, partially mitigated by higher rental revenue from the portfolio of properties in the United States and Europe acquired in 2018. During the quarter, revenue from investment properties increased by 9.5% year-on-year to S$927.9 million.

EBIT for 2Q 2019 was S$1,258.8 million, a decrease of 10.4% from the same quarter in 2018, in line with lower revenue and gains from asset recycling as well as the expensing of the ASB acquisition transaction costs. In terms of revaluation of investment properties, net fair value gain rose 3.2% year-on-year to S$562.0 million, underpinned by strong operating performance of the revalued properties. Singapore and China markets remain the key contributors to EBIT, with both markets constituting 86.5% of total EBIT.

Financial highlights

	2Q 2019 (S$ m)	2Q 2018 (S$ m)	Variance (%)	1H 2019 (S$ m)	1H 2018 (S$ m)	Variance (%)
Revenue	1,082.8	1,342.4	(19.3)	2,131.1	2,718.0	(21.6)
Earnings before interest and tax (EBIT)	1,258.8	1,404.2	(10.4)	2,061.0	2,188.4	(5.8)
Total PATMI	579.8	605.5	(4.2)	875.4	924.6	(5.3)
Operating PATMI[2]	179.5	196.0	(8.4)	361.3	424.7	(14.9)

[1] On 30 June 2019, the Group announced the completion of its acquisition of all the issued shares in each of Ascendas Pte Ltd and Singbridge Pte. Ltd. (collectively known as ASB). Following completion, ASB became wholly owned subsidiaries of the Group and their balance sheets have been consolidated by the Group as at 30 June 2019. The Group expects ASB to start contributing to the Group's profit or loss from 3Q 2019 onwards.

[2] Operating PATMI refers to profit from business operations excluding any gains or losses from divestments, revaluations and impairments.

Mr Lee Chee Koon, Group CEO of CapitaLand Group, said: “Year to date, the Group has successfully unlocked capital through divestments valued at S$3.4 billion, exceeding our annual asset recycling target of S$3 billion. This was achieved by divesting assets that are non-core to our business and recycling quality assets into CapitaLand-sponsored REITs, business trusts and funds to tap recurring yield. We remain disciplined in redeploying capital into yield-enhancing assets and new growth opportunities in developed and emerging markets to deliver sustainable growth to our investors.”

Mr Lee added: “The acquisition of ASB was completed on 28 June 2019 and the integration of ASB with CapitaLand has progressed apace. The enlarged and more diversified combined entity provides opportunities for enhanced growth, value creation and the unlocking of value. The proposed combination[3] of Ascott Residence Trust and Ascendas Hospitality Trust to form Asia’s largest hospitality Trust is reflective of this; we shall continue to actively pursue opportunities in this regard.”

Against a backdrop of cautious global economic outlook, the enlarged CapitaLand Group, with added asset classes and a new core market in India, will be better positioned to weather economic uncertainties and seize growth opportunities across its core business segments. Through the Group’s newly-acquired business parks, logistics and industrial assets, CapitaLand is expected to benefit from new economy trends such as the growth in e-commerce, urbanisation and knowledge economies.

CapitaLand continues to build on its strengths in retail and residential sectors, while scaling up its lodging and capital management platforms. Attesting to its strong development and retail management capabilities, the Group successfully opened Jewel Changi Airport and Funan in Singapore in 2Q 2019 to positive reception. In China, the Group has achieved 95% leasing rate for the retail component of Raffles City Chongqing ahead of its opening in September 2019. For 1H 2019, net property income of the Group’s shopping malls in Singapore and China grew 2.5% and 14.5% respectively, while tenants’ sales increased 2.4% and 3.5% respectively.

Laying the foundation for future revenue recognition, CapitaLand launched One Pearl Bank in Singapore in July 2019, which has since sold 203 units. In Malaysia, CapitaLand sold more than 70% of the 505 units in Park Regent, a joint venture residential development in Kuala Lumpur. In China, the Group sold 3,025 residential units with a sales value of RMB6.4 billion in 1H 2019, an increase of 73% and 31% respectively as compared to 1H 2018. Approximately 7,300 units sold in China as at 30 June 2019 are expected to be handed over from 3Q 2019 onwards, of which 50% of the sales value is expected to be recognised over the next six months. Over 3,000 residential units in China are launch-ready.

CapitaLand’s lodging business is on track to scale up to 160,000 units worldwide by year 2023, having announced in July 2019 that it has secured 26 new properties through a combination of management contracts and franchise agreements. It currently has approximately 59,000 operational units and 47,000 pipeline units.

[3] The proposed transaction is subject to approval of the Ascott Residence Trust Unitholders and Ascendas Hospitality Trust Stapled Unitholders at their respective Extraordinary General Meetings and scheme meetings expected to be held by this year.

About CapitaLand Limited (www.capitaland.com)
CapitaLand Limited (CapitaLand) is one of Asia's largest diversified real estate groups. Headquartered and listed in Singapore, it owns and manages a global portfolio worth S$129.1 billion as at 30 June 2019. CapitaLand's portfolio spans across diversified real estate classes which includes commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a presence across more than 200 cities in over 30 countries, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA.

CapitaLand has one of the largest real estate investment management businesses globally. It manages eight listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds. Since it pioneered REITs in Singapore with the listing of CapitaLand Mall Trust in 2002, CapitaLand's REITs and business trusts have expanded to include Ascendas Reit, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust, Ascendas India Trust, CapitaLand Malaysia Mall Trust and Ascendas Hospitality Trust.

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For the full CapitaLand Limited financial statement and presentation, please visit www.capitaland.com.

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