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KLCC Property's Q1 results dragged down by hotel ops

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KUALA LUMPUR: KLCC Property Holdings Bhd's (KLCCP) financial performance for the first quarter (Q1) ended March 31 was dragged down by the lower contribution from its hotel operations.

It told Bursa Malaysia that net profit fell 3% year on year to RM178.5mil on 4.1% lower revenue of RM326.9mil.

Unlike the other segments, the hotel segment was impacted by seasonal or cyclical factors affecting the occupancy rate and food and beverage business, said the group, which owns luxury hotel Mandarin Oriental Kuala Lumpur (Mokul).

The hotel operations swung to a loss before tax of RM3.2mil in Q1 from a profit of RM9.6mil a year earlier. Revenue, meanwhile, dropped 36.2% to RM31.53mil. In 2014 Mokul had recorded the highest revenue in its 16-year history at RM183.3mil, according to KLCCP Stapled Group's 2014 annual report.

"The hotel operations continued to trade in challenging conditions primarily as a result of overall weaker market demand and commencement of scheduled renovation works of the common areas and facilities during the current quarter," it told the exchange on Tuesday. (Mokul's phased renovation programme spans 2015 to 2017.)

On prospects for 2015, the group said its directors expected the office and retail segments to remain stable for the remainder of the year.

"However, as a result of the overall weak market and the scheduled renovation works of the hotel, this segment will continue to trade in a challenging environment," it added.

KCCCP on Tuesday also announced a first interim dividend of 3.02 sen per share for this financial year, to be paid in June 12.