

# KLCCP Stapled Group expects stable 2HFY15 performance

*By HLIB Research / August 13, 2015 11:51 AM MYT*

**KLCCP Stapled Group (Aug 12, RM6.99)**

*Maintain hold with unchanged target price of RM6.90:* We attended KLCCP Stapled Group's (KLCCP) second corporate day for 2015 and were assured by management that performance for second half financial year 2015 (2HFY15) will be pretty much flat, if not better than 1HFY15.

For its office segment, a 100% occupancy rate across all office buildings is maintained in 1HFY15, while the Phase 3 redevelopment of Kompleks Dayabumi is underway with demolition works already started. Weak consumer sentiment has dragged down tenant sales in the retail segment, albeit footfalls showed year-to-date (YTD) improvement of +20%. Meanwhile, some new tenants have opened in Suria [KLCC](#), with some of them being first-timers in the Malaysian market. They include Mama San, Alexander McQueen, Sticky, Dal.komm Coffee and Box of Bricks.

Half of the tenancies expiring in 2015 have renewed leases, with base rent for YTD inching up slightly to RM29 per square foot (psf) from RM28 psf in FY14.

The group's YTD average room rate at Mandarin Oriental declined 4.2% on the back of ongoing renovation works, though we note that bookings for rooms and food and beverages in July have been favourable.

There is a continued modest improvement in the management service segment as a result of additional management facilities, mainly from Petroliam Nasional Bhd, while there is no further development on Lot D1 (vacant land) as management has yet to secure anchor tenant for the property.

The risks to our call include potential holding company discount for the stapled security, high portfolio concentration on the office segment, and competition from upcoming new iconic office buildings within the [Kuala Lumpur](#) central business district. — *HLIB Research, Aug 12*

### KLCCP Stapled Group

FYE DEC (RM MIL)	2014A	2015E	2016E	2017E
Revenue	1,353.5	1,341.1	1,388.2	1,445.6
PBT	1,280.5	919.0	953.9	996.4
PAT	689.3	692.7	719.8	752.9
Norm. EPS (sen)	36.9	38.4	39.9	41.7
Norm. PER (x)	19.1	18.3	17.7	16.9
FD PER (x)	19.1	18.3	17.7	16.9
EV/Ebitda (x)	16.3	15.8	15.2	14.6
Net DPS (sen)	33.6	34.5	35.9	37.5
Dividend yield (%)	4.8	4.9	5.1	5.3
FCF yield (%)	3.6	3.7	3.9	4.1
BVPS (RM)	2.6	2.8	3.1	3.4
P/BV (x)	2.7	2.5	2.3	2.1

Source: HLIB