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KLCCP Stapled sees partial recovery in 3Q, pays 7.5 sen dividend



KUALA LUMPUR (Nov 10): KLCCP Stapled Group posted a net profit of RM156.66 million for its third quarter ended Sept 30, 2020, up 11.5% from RM140.46 million in the second quarter ended June 30, as it saw a gradual recovery in the retail and hotel segments during the quarter that boosted its quarterly revenue to RM312.6 million from RM267.25 million.

Year-on-year, however, the stapled security, which is comprised of KLCC Property Holdings Bhd and KLCC Real Estate Investment Trust (REIT), registered a net profit decline of 13.6% from RM181.41 million, while revenue fell 11.6% from RM353.52 million, amid the prolonged pandemic and the various phases of lockdown that came into effect since March 18, its stock exchange filing today showed.

Notwithstanding the headwinds faced, the group declared a distribution of 7.5 sen per stapled security for the quarter, versus 8.8 sen in the same quarter last year. This raised its total dividend distribution for its 9MFY20 to 23.3 sen, versus 9MFY19's 26.4 sen.

In a statement, the group noted that its office segment — comprising Petronas Twin Towers, Menara 3 Petronas, Menara ExxonMobil and Menara Dayabumi — registered a marginal increase in profit before tax to RM121.6 million on a quarter-on-quarter basis, with a stable revenue of RM149.7 million, backed by long-term tenancies and full occupancy of all its office buildings.

Also upon lifting of the movement control order on May 4 and the reopening of businesses, Suria KLCC saw a gradual recovery, with PBT increasing 57.7% q-o-q, while revenue rebounded 42.1%. "However, the earnings were impacted by the rental assistance and lower internal digital advertising income. Compared to 3QFY19,, revenue and PBT saw a decline of 15.0% and 23%, respectively," it said.

Likewise, its hotel segment regained some momentum in the quarter under review, with revenue rising to RM11.7 million from RM3.5 million in 2QFY20. But on a y-o-y basis, its hotel segment's performance remained adversely affected by the pandemic, which saw its Mandarin Oriental Hotel's revenue decline by 73.6%, resulting in a loss of RM16.3 million, it said.

Going forward, the group expects its office segment to remain stable on the back of long-term tenancies. Its retail segment, however, despite encouraging footfall recoveries and improvement seen during the recovery MCO period, is expected to be further impacted by the recent spike in Covid-19 cases.

It also anticipates demand recovery in its hotel segment to remain weak as countries' borders remained closed, which will continue to affect the segment for the rest of the year.

"The recent spike in the Covid-19 cases in the country poses great challenges to the group. As we started to gain momentum in the third quarter of the year, the pace has been dampened again by this unprecedented occurrence.

“Though unavoidable, we will continue to focus on responding to the needs of the organisation, mitigating the adverse market conditions and transforming our strategies towards driving recovery,” said KLCC Property Holdings’s chief executive officer Datuk Hashim Wahir.

KLCCP Stapled Group shares closed 9 sen or 1.18% higher at RM7.72 today, valuing the group at RM13.94 billion.

(Source: <https://www.theedgemarkets.com/article/klccp-stapled-sees-partial-recovery-3q-pays-75-sen-dividend>)