

6 August 2020, Thursday

## **Kenanga upgrades KLCCP Stapled, raises target price to RM8.55**



KUALA LUMPUR (Aug 6): Kenanga Research has upgraded KLCCP Stapled Group to “Outperform” (OP) at RM7.78 with a higher target price (TP) of RM8.55 (from RM8.10) and said 1HFY20 realised distributable income of RM315 million came in within house and consensus estimates, at 47% and 46%, respectively. 1HFY20 net dividend per share of 14.61 sen is also broadly within house estimate (at 44%).

In a note today, the research house maintained its FY20E core net profit of RM673 million, but lowered FY21E marginally by 5% on anticipated weakness from the hospitality segment given the Covid-19 pandemic.

“However, we expect the main earnings driver office segment to remain stable and retail to improve in coming quarters.

“Upgrade to OP (from Market Perform) on a higher TP of RM8.55 (from RM8.10), with an implied FY21E net yield of 4.0%,” it said.

On KLCCP Stapled’s outlook, Kenanga said the hotel segment will continue to be challenging given the impact of the pandemic.

“We expect the retail segment to improve in coming quarters for now barring any unforeseen circumstances, while the office segment remains the most formidable segment within the portfolio.

“Phase 3 of Menara Dayabumi is expected to comprise a 60-storey tower of mixed development, consisting of retail, office and hotel spaces.

“Phase 3 is still in the tendering process as management focuses on securing an anchor tenant before proceeding with the development,” it said.

(Source: <https://www.theedgemarkets.com/article/kenanga-upgrades-klccp-stapled-raises-target-price-rm855>)