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KLCC Property 1Q profit down 3.3% amid tenant transition

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KUALA LUMPUR (May 22): KLCC Property Holdings Bhd (KLCCP) closed its first financial quarter ended March 31, 2017 (1QFY17) with lower net profit of RM176.73 million or 9.79 sen a share, down 3.3% from RM182.75 million or 10.12 sen a share in the previous corresponding quarter.

The slight decline, said KLCCP, was mainly due to the lease transition in Menara ExxonMobil and ongoing tenant remixing in Suria KLCC and Menara 3 PETRONAS retail podium.

Notwithstanding that, the group has proposed its first interim dividend of 8.6 sen a share — payable on July 5 — which is consistent with dividend issued in the same period last year. The ex-date is on June 5.

Revenue rose a marginal 0.57% to RM336.66 million, compared to RM334.75 million a year ago. The office division, said KLCCP, recorded a marginal decrease in both revenue and profit as a result of the release of approximately 40% of the leased area in Menara ExxonMobil, partially offset by additional rental income from Menara Dayabumi.

"We are in the final stages of concluding the lease agreement with a potential tenant to occupy the remaining 40% of Menara ExxonMobil by second quarter of 2017," it added.

Meanwhile, its hotel division saw 6.9% increase in revenue, as the growth from leisure and group segments offset the declining corporate oil and gas segments. However, profit shrank in the division due to minimum wage implementation and rising costs of imported goods.

Looking forward, KLCCP is positive on the office division, but said its hotel and retail divisions will continue to face challenging market conditions.

In a separate filing, KLCCP has appointed Petroliam Nasional Bhd (PETRONAS) chairman Tan Sri Mohd Sidek Hassan as its non-independent, non-executive chairman.

Prior to joining PETRONAS, Sidek served the Malaysian civil service for 38 years, the last six years as chief secretary to the government. He is also currently chairman of Malaysia Digital Economy Corp Sdn Bhd (MDEC).

Shares of KLCCP gained seven sen today to close at RM7.87, giving it a market capitalisation of RM14.21 billion.

(Source: <http://www.theedgemarkets.com/article/klcc-property-1q-profit-down-33-amid-tenant-transition>)