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KLCC Stapled reports flat 3Q net profit, proposes 8.8 sen dividend



KUALA LUMPUR (Nov 11): KLCCP Stapled Group, comprising KLCC Property Holdings Bhd and KLCC Real Estate Investment Trust (KLCC REIT), recorded a net profit of RM181.41 million for its third quarter ended Sept 30, 2019 (3QFY19), little changed from the previous year's corresponding 3Q earnings of RM181.43 million.

This is despite revenue climbing 1.2% to RM353.52 million from RM349.48 million, its stock exchange filing today showed. The group proposed a distribution per stapled security of 8.8 sen for the quarter — comprising 6.24 sen for KLCC REIT and 2.56 sen for KLCC Property — to be paid on Dec 18, 2019.

Segmentally, the group noted that it recorded a loss before tax (LBT) of RM424,000 at its hotel operations, versus a profit before tax (PBT) of RM1.51 million a year ago, no thanks to higher depreciation on fully refurbished rooms, marketing and promotional expenses, and repairs. Meanwhile, PBT from the office segment declined 1.5% year-on-year to RM119.11 million, due to lower share of profit received from an associate.

The effects of these were mitigated by its retail segment, where PBT grew 4.4% y-o-y to RM97.32 million, on better rent rate and strong advertising income.

For the first nine months of FY19, its net profit rose a slight 0.8% to RM545.74 million from RM541.25 million last year; while revenue grew 1.9% to RM1.06 billion in 9MFY19, from RM1.04 billion. Earnings were higher, the group said, due to the resilience of its office and retail segments, and stronger contributions from its management services segment.

On prospects, the group's directors expect it to remain resilient, as it continues to leverage on the long-term profile of its office leases.

“Despite the ongoing reconfiguration exercise, the retail segment is expected to remain competitive with its strong fundamentals,” said KLCCPSS, adding that the hotel segment is expected to trade in challenging market conditions for the rest of the year, due to increase in room inventory within the KLCC area and new food and beverage (F&B) outlets in the market.

“Amidst the looming uncertainties and cautiously constructive economic outlook, we remain committed to delivering sustainable income distributions to our holders of Stapled Securities, by ensuring that our assets continue to be attractive and relevant,” said KLCC Property chief executive officer Datuk Hashim Wahir.

With strategic plans in place, in particular the transformation in store at Suria KLCC, the group will continue to create a progressive lifestyle experience within the KLCC Precinct for its customers and community, he added.

Shares of the stapled security closed unchanged at RM7.99 today, valuing the group at RM14.43 billion.

(Source : <https://www.theedgemarkets.com/article/klcc-stapled-reports-flat-3q-net-profit-proposes-88-sen-dividend>)