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KLCCP Stapled Group posts lower Q1 profit



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KUALA LUMPUR: KLCCP Stapled Group remains cautious about its prospects for 2021, and anticipates the year to still be challenging while the national Covid-19 vaccination rollout would foster market recovery.

KLCC Property Holdings Bhd and KLCC Reit, collectively known as KLCCP Stapled Group, is Malaysia's largest self-managed stapled security.

In a filing with Bursa Malaysia, the group said Mandarin Oriental Kuala Lumpur will continue to focus on domestic market until the border reopens for international arrivals.

It noted that the performance of its retail segment (Suria KLCC and retail podium of Menara 3 Petronas) is significantly dependent on the consumers' spending behaviour as well as the restrictions imposed to control the pandemic.

Meanwhile, the performance of its office segment (Petronas Twin Towers, Menara 3 Petronas, Menara ExxonMobil and Menara Dayabumi) is expected to remain stable for 2021, backed by its long-term leases and the recently extended triple-net-lease (TNL) by Petronas.

For its first quarter ended March 31, 2021, the group posted a 17.4% year-on-year (y-o-y) drop in net profit to RM146.1mil, while revenue was 20.4% lower y-o-y to RM282.4mil.

The group said while its office segment remained stable, backed by TNL and long-term leases, its retail segment saw revenue and pre-tax profit dropped during the first quarter by 32.5% and 43.3%, respectively, mainly due to the provision of tenant assistance arising from the Covid-19 pandemic.

Also, its hotel segment recorded lower revenue by 67.6% and pre-tax loss of RM16.1mil for the quarter due to prohibition of large social events and border closures.

The group's management services segment also saw revenue and pre-tax profit during the quarter decreased by 10.2% and 7.5%, respectively, mostly due to lower revenue on one-off projects under the facilities management operations, coupled with reduced carpark income resulting from lower transient parking during the movement control order (MCO) and conditional MCO phases.

For the first quarter, earnings per stapled security was 8.09 sen per share compared with 9.8 sen a year earlier.

The group declared a income distribution per stapled security of 7 sen compared with 8.3 sen in the same period a year ago.

(Source: <https://www.thestar.com.my/business/business-news/2021/05/05/klccp-stapled-group-posts-lower-q1-profit>)