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KLCCP expects better 2021 on vaccine availability



Despite the extremely difficult period, KLCCP will continue to weather the pandemic crisis and sustain the group's presence, says CEO

KLCC Property Holdings Bhd (KLCCP) intends to look forward to a better year for both hotel and retail industries in 2021 on the vaccine availability and eventual roll-out, focusing on enhancing shopping experience digitally.

KLCCP CEO Datuk Hashim Wahir said despite the extremely difficult period, the company will continue to engage across its stakeholders and collaborate with partners, tenants and business community to weather the pandemic crisis and sustain the group's presence

"With the acceleration of our digital journey, we will enable effective digital solutions in driving excellence in our operations and creating an experiential experience for our customers at KLCC The Place," he said in a statement on Wednesday.

The group's prospects show that its hotel segment will have to continue operations in a challenging environment, while focusing on the domestic market until the reopening of the borders.

Its retail industry, namely the Suria KLCC and partners will continue to work together to regain shoppers' confidence in visiting the mall, enhance their shopping experience and reward, and leveraging its completed anchor-to- specialty reconfiguration.

"The performance of the office segment is expected to remain stable, backed by the triple net lease (TNL) agreements and long-term leases," the company noted.

For its financial year 2020 ended Dec 31 (FY20), the KLCCP Stapled Group has distributed 30 sen per stapled security with a full-year dividend payment of RM541.6 million, which is 98% of its distributable income for the year.

"The group distributed 6.7 sen per stapled security for the fourth quarter of 2020 (4Q20), bringing the total distribution to 30 sen per stapled security for the year, which translates to a full-year dividend payment of RM541.6 million," it said.

For FY20, the group recorded a revenue of RM1.2 billion and profit before tax (PBT) of RM772 million against the challenging year due to the pandemic.

Its office segment anchored the group's performance by contributing 48% to the revenue with RM591.6 million as the office buildings maintained full occupancy on long-term tenancies.

The retail segment saw the revenue contract by 19.6% to RM413.8 million, attributable to tenant assistance extension from 2Q20 to support retail partners' sustainability in recovery.

As such, the Suria KLCC maintained 97% occupancy for FY20 and completed the anchor-to-specialty reconfiguration exercise, covering an area of 108,940 sq ft and brought onboard 72 tenants, ranging from international and local fashion to food and beverage (F&B), and cosmetic brands.

Majority of these stores are first standalone stores in Malaysia and exclusive to Suria KLCC. Its hotel segment, however, were impacted by the mandatory closure and pandemic restrictions which lasted until December 2020, suffering a 70.2% year-on-year decline in revenue on reduced occupancy and F&B covers from event postponements and cancellations.

Regardless, the segment focused on domestic leisure business during the Recovery Movement Control Order period via its packages and saw increased weekend occupancy by 44%.

Its management services segment, comprising facility and car parking, recorded a 22% increase in revenue on the new business approach, but saw a decline in its PBT on lower car park income due to the movement restrictions.

KLCCP posted a net loss of RM41.84 million for its 4QFY20 compared to a net profit of RM244.41 million in the previous corresponding period, mainly due to lower earnings from its business operations during the quarter.

Revenue in the 4Q dropped to RM304.71 million compared to RM364.96 million a year earlier, the company said in a filing to Bursa Malaysia on Wednesday.

Its revenue from the office segment decreased as well during the quarter to RM142.8 million as a result of the accounting adjustments to reflect the extension of TNL agreements for the Petronas Twin Towers and Menara 3 Petronas for 15 years.

Its retail segment saw a decline in revenue of 25.2%, due to the provision of rental assistance to affected tenants, while having welcomed six new tenants during the quarter.

(Source: <https://themalaysianreserve.com/2021/01/29/klccp-expects-better-2021-on-vaccine-availability/>)