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KLCCP Stapled's earnings up 2.4% in 1Q19



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KLCCP Stapled Group's revenue rose 2.4% year-on-year (YoY) to RM353.45 million in the first quarter ended March 31, 2019 (1Q19), underpinned by the group's long-term office tenancy agreement.

In a filing to Bursa Malaysia yesterday, the group — comprising the KLCC Property Holdings Bhd (KLCCP) and KLCC Real Estate Investment Trust (REIT) — said its net profit rose 1.82% YoY to RM183.95 million from RM180.87 million a year earlier.

“(For the office property investment segment,) 1Q19 revenue and PBT remained relatively stable. Profit before tax (PBT) increased by 0.93% compared to 1Q18 due to lower repair and maintenance expenses and higher recovery of utility charges.

“The office segment with full occupancy at Petronas Twin Towers, Menara 3 Petronas, Menara ExxonMobil and Menara Dayabumi continued to provide a steady income stream to the group,” the group said.

For its retail property investment segment, revenue and PBT increased by 5.06% and 4.65% respectively mainly as a result of higher rental rates and improved occupancy observed during the quarter.

“Suria KLCC is currently embarking on a reconfiguration exercise of 124,000 sq ft (11,520 sq m), recently vacated by an anchor tenant.

“This transformation is expected to boost the income and yield for the retail segment upon completion,” it said.

As for the group’s hotel operations, revenue dropped 3.35% to RM42.42 million, while its PBT plunged 116.48% to RM392,000 due to the intense competition in the banqueting market which had affected the group’s performance in the food and beverage segment.

“The hotel segment represented by Mandarin Oriental in Kuala Lumpur (KL) saw a significant rise in occupancy as at March 2019, supported by growth in the leisure segment through solid online conversions.

“However, the decline in revenue is mainly attributable to the lower demand in banqueting, as well as further impact by the slower meeting activities in the city’s meetings, incentives, conventions and exhibitions calendar.

The group’s management services revenue — comprising facilities and car parking management — and PBT increased 5.19% and 6.89% respectively, mainly contributed by the additional revenue from one-off projects under the facilities management operations.

“KLCC Parking Management Sdn Bhd is actively pursuing cashless initiatives to improve customers’ convenience while keeping pace with the advancement in technology,” it said.

KLCCP declared a first interim dividend of 2.52 sen for the 1Q19, while KLCC REIT announced its first interim income distribution of 6.28 sen, both to be paid on June 20.

Going forward, the group noted that its financial performance will continue to be driven by long-term tenancy agreements, while the retail segment is expected to be impacted by the reconfiguration exercise which has been undertaken to offer distinguished shops.

“The directors expect that overall performance of the group for the year will remain stable primarily on the back of long-term office tenancy agreements.

“The performance of the retail segment is expected to be slightly impacted in the following quarters as the mall is undertaking reconfiguration exercise to refresh its offerings with more speciality shops and food outlets,” it added.

(Source: <https://themalaysianreserve.com/2019/05/08/klccp-stapleds-earnings-up-2-4-in-1q19/>)