

7 August 2020, Friday

## **KLCCP's Q2 performance cushioned by stable office segment**



Malaysia's iconic Twin Towers are seen in the background of the Malaysian oil and gas company Petronas logo at a petrol station in Kuala Lumpur on August 13, 2014. Malaysian state energy firm Petronas is expected to announce its second quarter earnings later on August 13. AFP PHOTO / MANAN VATSYAYANA / AFP / MANAN VATSYAYANA

KLCCP Stapled Group has reported a revenue of RM267.2 million for the second quarter of financial year 2020, lower by 24 percent Year-on-Year (YoY) whilst Profit Before Tax (PBT)

dropped by 30 percent to RM163.8 million due to the sharp decline in the performance of the hotel and retail segments, arising from the unprecedented Covid-19 outbreak and the Movement Control Order which commenced from since March 18.

For the cumulative six-month period from January 1 to June 30, the Group recorded a revenue of RM621.8 million, lower by 11.7 percent as compared to the first half of 2019 while PBT dropped 16.4 percent to RM396.1 million.

“As a solutions partner, we have been supportive towards our affected tenants at Suria KLCC by extending rental assistance to ensure business continuity and sustainability. The full re-opening of our businesses is showing a positive trend towards recovery and we will continue our focus to regain the momentum to continue to create long-term value for our holders of Stapled Securities,” said Hashim Wahir, Chief Executive Officer, KLCC Property Holdings Berhad

For the second quarter 2020, KLCCP Stapled Group’s distributed 7.50 sen per stapled security, reflective of the overall performance of the Group for the second quarter 2020. This amounted to a total dividend payment of 15.80 sen for the first half of 2020.

The office segment comprising the Petronas Twin Towers, Menara 3 Petronas, Menara ExxonMobil and Menara Dayabumi, remained resilient, underpinned by its full occupancy and long-term locked-in leases.

The segment recorded a marginal increase in PBT to RM121.1 million with stable revenue of RM149.1 million as compared to the corresponding quarter.

The retail segment, represented by Suria KLCC and the retail podium of Menara 3 Petronas were impacted by the prolonged MCO which resulted in a decline in revenue and PBT of 41.4 percent and 50.0 percent respectively.

This was mainly due to the provision of rental assistance to tenants in respond to the MCO and lower internal digital advertising income. To-date, Suria KLCC has fully resumed operations and is focusing on efforts in driving customer footfall and tenant sales.

Through its various rewards programmes with active tenant participation, Suria KLCC is seeing a gradual but steady growth in footfall, in line with the market and anticipates the pick-up to further improve upon the return of all surrounding office tenants as well as the re-opening of the borders for international travel.

In the hotel segment, the severe impact from Covid-19 resulted in Mandarin Oriental, Kuala Lumpur (MOKL Hotel) recording a YoY decline in revenue of RM38.4 million which led to a loss of RM20.4 million.

In compliance with the MCO, the hotel scaled down operations, limiting it to only essential services for existing guests. The enforcement of the MCO, coupled with the global travel restrictions and cancellations and postponement of meetings, incentives, conferences and exhibition (MICE) events have led to a sharp decline in occupancy and demand for event space.

Since the resumption of business in May 2020, MOKL Hotel has seen encouraging return of its customers and hotel guests with the re-opening of restaurants, spa, fitness centre and its meeting facilities. In keeping with the momentum, MOKL Hotel continues to intensify digital marketing

efforts to capture domestic tourism through locally designed staycation packages and advance purchase promotions to further strengthen brand exposure.

The management services segment comprising facility management and car parking management services recorded an increase in revenue of 13.7 percent mainly from the new business approach in facility management. However, PBT saw a reduction of 17.5 percent arising from the lower income from car parks due to the significant reduction in transient parking during the MCO.

The Group expects the performance of the office segment to continue to remain stable backed by the long term tenancies. While the re-opening of Suria KLCC has recorded a positive sales turnover in the month of June, the Group remains cautious, noting the diminishing consumer's spending power as a result of increasing unemployment rate and the surrounding offices have yet to fully reopen.

The Group opine that the retail segment will remain challenging for the rest of the year. The hotel segment, meanwhile will continue to be affected as Malaysia's border remain closed with large gatherings and events still restricted. The Group expects the hotel segment will continue to operate in challenging environment in the second half of the year.

(Source:<https://www.businesstoday.com.my/2020/08/06/klccps-q2-performance-cushioned-by-stable-office-segment/>)