

KLCCP Stapled Group

(5235 | KLCCSS MK) Main | REIT



NEUTRAL

Revised Target Price **RM8.40** (from RM7.80)

Decent Earnings Growth

Maintain NEUTRAL on KLCCP Stapled Group with a revised TP of RM8.40

as we rollover valuation. KLCCP Stapled Group FY24 core net income came in within expectations. Earnings growth in FY24 was moderate at +7.7%yoy, driven by higher contribution from retail division following full ownership in Suria KLCC. Earnings outlook is expected to remain stable due to stable contribution from office division which was backed by long-term lease. Net distribution yield is estimated at 5%.

FY24 earnings within expectations. KLCCP Stapled Group FY24 core net income of RM782.3m came in within expectations, making up 96% and 97% of our and consensus full year estimates. KLCCP Stapled Group announced distribution per unit (DPU) of 17.1sen for 4QFY24, bringing total DPU to 44.5sen in FY24 which translates into gross distribution yield of 5.3%.

Decent earnings growth. Sequentially, 4QFY24 core net income was lower at RM196.7m (-4.8%qoq) mainly due to marginally weaker contribution from retail and hotel division. On yearly basis, 4QFY24 core net income was higher (+9.4%yoy), bringing full year core net income higher at RM782.3m (+7.7%yoy). The earnings growth in FY24 was driven by higher contribution from retail division as KLCCP Stapled Group completed acquisition of remaining 40% in Suria KLCC in April 2024. Besides, earnings growth was also driven by recovery of hotel division on the back of improvement in occupancy rate and room rates of Mandarin Oriental. Meanwhile, contribution from office division remains solid due to long lease agreement of its office buildings.

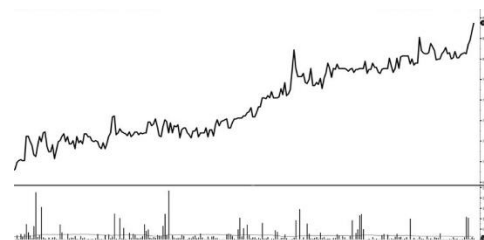
Earnings forecast fine-tuned. We fine-tuned our earnings forecast FY25/26F by -5.7%/-5.8% for house-keeping reason post release of FY24 figures. We also introduce our earnings forecast for FY27F. We see steady earnings prospect for KLCC Stapled Group as earnings of retail and hotel division should remain supported by higher tourist arrivals. Elsewhere, income prospect for office division which contributed to 50% to profit before tax should remain solid due to long-term lease agreement. Note that KLCCP Stapled Group recorded upward rental reversion for PETRONAS Twin Towers in Oct 2024.

Target price revised to RM8.40. We revise our TP for KLCCP Stapled Group from RM7.80 to RM8.40 as we roll over valuation in our Dividend Discount Model. While we see prospect for KLCCP Stapled Group to remain stable in the long-term due to the strategic location of its assets, we think that positives are largely priced in. Hence, we maintain our **NEUTRAL** call on KLCCP Stapled Group.

RETURN STATISTICS

Price @ 5 th Feb 2025 (RM)	8.35
Expected share price return (%)	+0.1
Expected dividend yield (%)	+5.0
Expected total return (%)	+5.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	3.3	6.9
3months	2.5	7.6
12 months	14.4	9.8

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	1,729	1,750	1,782
Operating Profit	1,083	1,107	1,128
PBT	918	943	966
Core Net Income	829	838	856
Core EPU (sen)	45.91	46.40	47.40
Net DPU (sen)	42.37	42.84	43.31
Dividend Yield	5.0%	5.1%	5.2%

KEY STATISTICS

FBM KLCI	1,574.51
Issue shares (m)	1805.33
Estimated free float (%)	23.40
Market Capitalisation (RM'm)	15,074
52-wk price range	RM7.26 – RM8.40
3-mth average daily volume (m)	0.16
3-mth average daily value (RM'm)	1.30
Top Shareholders (%)	
Petroleum Nasional Bhd	64.68
EPF	11.40
Amanah Saham Nasional Bhd	9.36

Analyst

Jessica Low Jze Tieng
jessica.low@midf.com.my03
03-2173 8391

KLCCP Stapled Group: 4QFY24 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	3QFY24	%YoY	%QoQ	FY24	%YoY
Revenue	459.1	3.7%	6.9%	1,710.9	5.7%
Operating Profit	268.7	3.3%	-1.6%	1,067.3	4.6%
Profit Before Tax	476.4	1.3%	97.3%	1,201.4	1.2%
Core PBT	242.1	-8.8%	0.3%	967.1	-1.6%
Net Income	430.9	12.0%	108.6%	1,016.5	9.2%
Core Net Income	196.7	9.4%	-4.8%	782.3	7.7%
Basic EPS (sen)	23.9	12.0%	108.6%	56.3	9.2%
Core EPS (sen)	10.9	9.4%	-4.8%	43.3	7.7%
Gross Dividend (sen)	17.1	18.8%	85.9%	44.5	9.9%

Source: Company, MIDF Research

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	1,619	1,711	1,729	1,750	1,782	Cash flows from operating activities	1187	1201	918	943	966
Operating Profit	1,020	1,067	1,083	1,107	1,128	Net income before taxation	1053	1136	906	923	950
PBT	1,187	1,201	918	943	966	Net cash from operating activities					
Net Income	931	1,017	831	843	862						
Core Net Income	726	782	829	838	856	Cash flows from investing activities	-5	-8	-30	-31	-32
Core EPU (sen)	40.2	43.3	45.9	46.4	47.4	Expenditure on investment properties	-2	-2001	-26	-27	-28
Core PER (x)	20.8	19.3	18.2	18.0	17.6	Net cash used in investing activities					
NAV/unit (RM)	8.52	7.59	7.76	7.78	7.80						
P/NAV (x)	0.98	1.10	1.08	1.07	1.07	Cash flows from financing activities	-964	1006	-1106	-1116	-1124
						Net cash from/(used in) financing activities					
Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F						
Investment Properties	15,953	16,201	16,355	16,551	16,749		87	142	-226	-219	-201
Total non-current assets	17,043	17,210	17,514	17,718	17,927	Net increase/(decrease) in cash and cash equivalents	1103	1190	1331	1106	887
Cash	1,192	1,361	1,106	887	685	Cash and cash equivalent at 1 January	1190	1331	1106	887	685
Other Assets	99	92	278	325	371	Cash and cash equivalent at 1 December	1187	1201	918	943	966
Total Assets	18,334	18,663	18,897	18,930	18,983						
LT Borrowings	1,290	3,905	3,958	4,012	4,067						
ST Borrowings	1,075	412	398	346	301	Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
Other Liability	580	641	523	527	534	PBT margin	73.3%	70.2%	53.1%	53.9%	54.2%
Total Liability	2,944	4,959	4,879	4,886	4,902	Core net income margin	44.9%	45.7%	47.9%	47.9%	48.0%
Unitholders' capital	1,823	1,823	1,823	1,823	1,823	ROE	4.8%	5.4%	6.0%	6.0%	6.1%
Capital Reserve	3,009	3,165	3,169	3,174	3,180	ROA	4.0%	4.2%	4.4%	4.4%	4.5%
Other Equity	12,820	11,020	9,026	9,047	9,078						
Total Equity	17,652	16,008	14,018	14,044	14,081						
Equity + Liability	18,334	18,663	18,897	18,930	18,983						

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad**197501002077 (24878-X).**

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER**This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD 197501002077 (24878-X).**

It is for distribution only under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD. The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have an interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein. This document may not be reproduced, distributed or published in any form or for any purpose.

MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS**STOCK RECOMMENDATIONS**

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology