Corporate Update

KLCCP Stapled Group

(5235 | KLCCSS MK) Main | REIT

3 Stars

SHARIAH Compliant

Maintain **NEUTRAL**

Unchanged Target Price **RM8.40**

2QFY25 Results Review Stable Outlook

1HFY25 earnings within expectations. KLCCP Stapled Group 1HFY25 core net income of RM401.3m came in within expectations, making up 48% and 46% of our and consensus full year estimates respectively. KLCCP Stapled Group announced distribution per unit (DPU) of 9.2sen for 2QFY25, bringing total DPU to 18.4sen in 1HFY25.

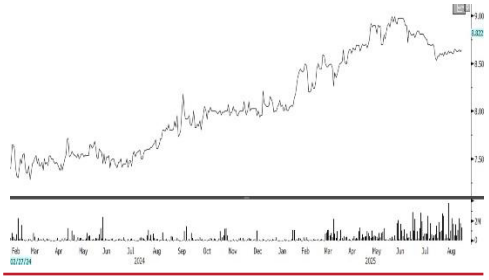
Marginally lower earnings on seasonal factor. Sequentially, 2QFY25 core net income was lower at RM200m (-1.4%qoq) while topline was flattish (+0.8%qoq). The lower earnings were mainly due to normalised earnings from the seasonally stronger quarter in 1QFY25 which was spurred by festive season. Profit before tax (PBT) of retail division was lower (-4.5%qoq) mainly due to lower shopper footfall in 2QFY25 post festive season in 1QFY25. Nevertheless, hotel division returned to the black in 2QFY25 due to higher occupancy rate and completion of ballroom upgrading works in April 2025.

Firm earnings in 1HFY25. On a yearly basis, 2QFY25 core net income was higher (+4.6%yoy), bringing 1HFY25 core net income higher at RM401m (+5.9%yoy). The higher earnings were mainly due to higher contribution from retail division and office segment which offset the losses from hotel division. PBT of retail division was higher (+3.4%yoy) due to positive rental reversion and following acquisition of remaining 40% in Suria KLCC in April 2024. Meanwhile, contribution from office segment was largely stable due to long-term leases agreement. On the other hand, hotel division recorded pre-tax losses of RM3.9m in 1HFY25 as earnings in 1QFY25 were dragged by lower F&B demand and ballroom upgrading works.

Maintain NEUTRAL with an unchanged TP of RM8.40. We maintain our earnings forecast for FY25/26/27. We also maintain our TP of RM8.40 for KLCCP Stapled Group, based on Dividend Discount Model. Outlook for KLCCP Stapled Group is expected to remain stable, underpinning by stable contribution from office assets. Besides, earnings growth should also support by positive rental reversion of retail division. Meanwhile, distribution yield is estimated at 4.9%. Overall, we maintain our **NEUTRAL** call on KLCCP Stapled Group as upside is limited.

RETURN STATISTICS	
Price @ 27th Aug 2025 (RM)	8.64
Expected share price return (%)	-2.7
Expected dividend yield (%)	+4.9
Expected total return (%)	+2.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-0.5	-3.9
3months	-1.8	-5.2
12 months	10.5	15.0

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	4.90%	4.96%	5.01%

KEY STATISTICS

FBM KLCI	1,587.91
Issue shares (m)	1805.33
Estimated free float (%)	24.84
Market Capitalisation (RM'm)	15,598
52-wk price range	RM7.7 – RM9.02
3-mth average daily volume (m)	0.98
3-mth average daily value (RM'm)	8.56
Top Shareholders (%)	
Petroliam Nasional Bhd	64.68
EPF	10.68
Amanah Saham Nasional Bhd	7.46

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

KLCCP Stapled Group: 2QFY25 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	2QFY25	%YoY	%QoQ	FY25	%YoY
Revenue	410.3	-0.7%	0.8%	817.2	-0.6%
Operating Profit	262.1	1.0%	-0.1%	524.4	-0.2%
Profit Before Tax	233.6	0.9%	0.0%	467.1	-3.4%
Core PBT	233.0	0.7%	-0.7%	467.8	-3.3%
Net Income	200.5	4.9%	-0.5%	401.9	6.0%
Core Net Income	199.9	4.6%	-1.4%	401.3	5.9%
Basic EPS (sen)	11.1	4.9%	-0.5%	22.3	6.0%
Core EPS (sen)	11.1	4.6%	-1.4%	22.3	6.2%
Gross Dividend (sen)	9.2	0.0%	0.0%	18.4	1.1%

Source: Company, MBSB Research

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	1,619	1,711	1,729	1,750	1,782
Operating Profit	1,020	1,067	1,083	1,107	1,128
PBT	1,187	1,201	918	943	966
Net Income	931	1,017	831	843	862
Core Net Income	726	782	829	838	856
Core EPU (sen)	40.2	43.3	45.9	46.4	47.4
Core PER (x)	21.5	19.9	18.8	18.6	18.2
NAV/unit (RM)	8.52	7.59	7.76	7.78	7.80
P/NAV (x)	1.01	1.14	1.11	1.11	1.11

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
Investment Properties	15,953	16,201	16,355	16,551	16,749
Total non-current assets	17,043	17,210	17,514	17,718	17,927
Cash	1,192	1,361	1,106	887	685
Other Assets	99	92	278	325	371
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
Other Liability	580	641	523	527	534
Total Liability	2,944	4,959	4,879	4,886	4,902
Unitholders' capital	1,823	1,823	1,823	1,823	1,823
Capital Reserve	3,009	3,165	3,169	3,174	3,180
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**

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Cash flows from operating activities	1187	1201	918	943	966
Net income before taxation	1053	1136	906	923	950
Net cash from operating activities					
Cash flows from investing activities	-5	-8	-30	-31	-32
Expenditure on investment properties	-2	-2001	-26	-27	-28
Net cash used in investing activities					
Cash flows from financing activities	-964	1006	-1106	-1116	-1124
Net cash from/(used in) financing activities	87	142	-226	-219	-201
Net increase/(decrease) in cash and cash equivalents	1103	1190	1331	1106	887
Cash and cash equivalent at 1 January	1190	1331	1106	887	685
Cash and cash equivalent at 1 December	1187	1201	918	943	966

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
PBT margin	73.3%	70.2%	53.1%	53.9%	54.2%
Core net income margin	44.9%	45.7%	47.9%	47.9%	48.0%
ROE	4.8%	5.4%	6.0%	6.0%	6.1%
ROA	4.0%	4.2%	4.4%	4.4%	4.5%

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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