Corporate Update

KLCCP Stapled Group

(5235 | KLCCSS MK) Main | REIT

3 Stars

SHARIAH Compliant

Maintain **NEUTRAL**

Revised Target Price **RM8.80**

(from RM8.40)

4QFY25 Results Review
Steady Earnings

FY25 earnings within expectations. KLCCP Stapled Group FY25 core net income of RM820.7m came in within expectations, making up 99% and 97% of our and consensus full year estimates respectively. KLCCP Stapled Group announced distribution per unit (DPU) of 19.1sen for 4QFY25, bringing total DPU to 47sen in FY25 and translating gross yield of 5.1%.

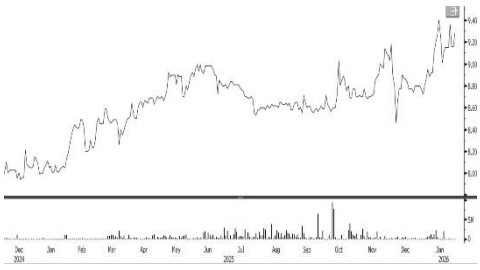
Steady earnings in FY25. Sequentially, 4QFY25 core net income was flattish at RM209.2m (+0.1%qoq) despite topline was higher (+14.7%qoq) as earnings were dragged by higher operating expenses. On a yearly basis, 4QFY25 core net income was higher (+6.4%yoy), bringing FY25 core net income higher at RM820.7m (+4.9%yoy). The improved earnings were mainly contributed by the higher contribution from retail division. Meanwhile, earnings contribution of office division was stable due to long-term lease agreement. Similarly, hotel division recorded better performance following completion of upgrading works of Mandarin Oriental KL.

Stable earnings outlook. We continue to see stable earnings outlook for KLCCP Stapled Group as earnings contribution from office segment will remain constant. Meanwhile, retail division and hotel segment are expected to benefit from the expected higher tourist arrival amid Visit Malaysia 2026 campaign. Overall, we expect rental reversion of retail division to remain positive.

Maintain NEUTRAL with a revised TP of RM8.80. We maintain our earnings forecast for FY26/27. We also introduce our earnings forecast for FY28. We revise our TP for KLCCP Stapled Group to RM8.80 from RM8.40 as we roll over our valuation to FY27. Our TP is based on dividend discount model. We see outlook for KLCC Stapled Group to remain stable in the near-term as contribution from retail and office segments should remain steady. Nevertheless, we maintain our **NEUTRAL** call on KLCCP Stapled Group as upside is limited.

RETURN STATISTICS	
Price @ 29th Jan 2026 (RM)	9.16
Expected share price return (%)	-3.9
Expected dividend yield (%)	+5.0
Expected total return (%)	+1.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	4.1	0.9
3months	5.0	-2.9
12 months	13.8	1.9

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	1,750	1,782	1,799
Operating Profit	1,107	1,128	1,143
PBT	945	969	987
Core Net Income	839	858	870
Core EPU (sen)	46.47	47.51	48.21
Net DPU (sen)	45.50	46.00	47.00
Dividend Yield	5.0%	5.0%	5.1%

KEY STATISTICS

FBM KLCI	1,730.89
Issue shares (m)	1805.33
Estimated free float (%)	24.84
Market Capitalisation (RM'm)	16,536
52-wk price range	RM8 – RM9.53
3-mth average daily volume (m)	0.49
3-mth average daily value (RM'm)	4.30
Top Shareholders (%)	
Petroliam Nasional Bhd	64.68
EPF	10.80
Amanah Saham Nasional Bhd	7.46

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KLCCP Stapled Group: 4QFY25 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	4QFY25	%YoY	%QoQ	FY25	%YoY
Revenue	493.0	7.4%	14.7%	1,739.8	1.7%
Operating Profit	279.6	4.1%	2.5%	1,076.8	0.9%
Profit Before Tax	718.7	50.9%	193.8%	1,430.4	19.1%
Core PBT	258.5	6.8%	5.8%	970.8	0.4%
Net Income	669.3	55.3%	220.0%	1,280.4	26.0%
Core Net Income	209.2	6.4%	0.1%	820.7	4.9%
Basic EPS (sen)	37.1	55.3%	220.2%	70.9	25.9%
Core EPS (sen)	11.6	6.4%	0.2%	45.5	4.9%
Gross Dividend (sen)	19.1	11.7%	101.1%	47.0	5.6%

Source: Company, MBSB Research

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	1,711	1,740	1,750	1,782	1,799
Operating Profit	1,067	1,077	1,107	1,128	1,143
PBT	1,201	1,430	945	969	987
Net Income	1,017	1,280	844	864	877
Core Net Income	782	821	839	858	870
Core EPU (sen)	43.3	45.5	46.5	47.5	48.2
Core PER (x)	21.1	20.1	19.7	19.3	19.0
NAV/unit (RM)	7.59	7.85	8.20	8.22	8.24
P/NAV (x)	1.21	1.17	1.12	1.11	1.11

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
Investment Properties	16,201	16,682	16,878	17,076	17,276
Total non-current assets	17,210	17,588	18,045	18,254	18,462
Cash	1,361	1,515	1,052	853	664
Other Assets	92	135	538	569	595
Total Assets	18,663	19,238	19,636	19,677	19,721
LT Borrowings	3,905	3,792	3,846	3,901	3,957
ST Borrowings	412	526	457	398	346
Other Liability	641	745	527	534	537
Total Liability	4,959	5,063	4,831	4,833	4,840
Unitholders' capital	1,823	1,823	1,823	1,823	1,823
Capital Reserve	3,165	3,515	3,520	3,526	3,533
Other Equity	11,020	8,837	9,462	9,495	9,525
Total Equity	16,008	14,175	14,805	14,844	14,881
Equity + Liability	18,663	19,238	19,636	19,677	19,721

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
Cash flows from operating activities					
Net income before taxation	1201	1430	945	969	987
Net cash from operating activities	1136	1172	923	950	978
Cash flows from investing activities					
Expenditure on investment properties	-8	-16	-31	-32	-33
Net cash used in investing activities	-2001	-52	-27	-28	-29
Cash flows from financing activities					
Net cash from/(used in) financing activities	1006	-982	-1114	-1121	-1138
Net increase/(decrease) in cash and cash equivalents	142	138	-217	-199	-189
Cash and cash equivalent at 1 January	1190	1132	1269	1052	853
Cash and cash equivalent at 1 December	1331	1269	1052	853	664

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
PBT margin	70.2%	82.2%	54.0%	54.4%	54.9%
Core net income margin	45.7%	47.2%	47.9%	48.1%	48.4%
ROE	5.4%	5.9%	5.8%	5.8%	5.9%
ROA	4.2%	4.3%	4.3%	4.4%	4.4%

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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