Corporate Update

KLCCP Stapled Group

(5235 | KLCCSS MK) Main | REIT

3 Stars

SHARIAH Compliant

Maintain **NEUTRAL**

Unchanged Target Price **RM8.80**

2QFY26 Results Review
Sustained Earnings Resilience

1HFY26 earnings within expectations. KLCCP Stapled Group 1HFY26 core net income of RM408.6m came in within expectations, making up 49% and 50% of our and consensus full year estimates respectively. KLCCP Stapled Group announced distribution per unit (DPU) of 9.3sen for 2QFY26, bringing total DPU to 18.6sen in 1HFY26.

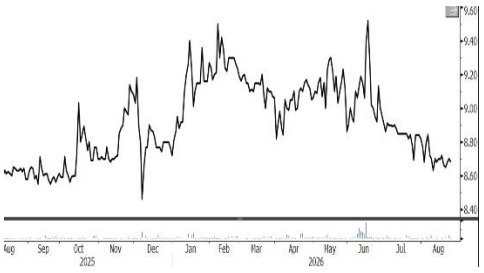
Modest sequential earnings growth. Sequentially, 2QFY26 earnings were marginally higher at RM204.4m (+0.1%qoq) as performance of all segments were flattish. Notably, office segment recorded marginal increase in profit before tax (PBT) of 0.6%qoq due to higher rental rate of Menara ExxonMobil. Similarly, PBT of retail division was marginally higher by 0.5%qoq due to improved occupancy rate at Menara 3. Meanwhile, hotel division remained in the red due to ongoing guest room renovation works. Besides, the marginal earnings growth was partly due to lower financing cost due to successful refinancing exercise for Sukuk Murabahah.

Sustained earnings resilience. On a year-on-year basis, 2QFY26 core net income was marginally higher at RM204.4m (+2.3%yoy), bringing 1HFY26 earnings higher at RM408.6m (+1.5%yoy). The marginal earnings growth was supported by the retail and office segments, which cushioned the weaker performance of the hotel segment. PBT of office segment was higher by 1.4%yoy backed by long lease agreement. Similarly, retail division remains resilient due to positive rental reversion. Meanwhile, the hotel business remained weak due to softer hospitality demand and ongoing hotel room renovations.

Maintain NEUTRAL with an unchanged TP of RM8.80. We maintain our earnings forecast for FY26/27/28. We maintain our **TP** for KLCCP Stapled Group at **RM8.80**, based on dividend discount model. We expect the outlook for KLCC Stapled Group to remain stable, underpinned by the resilient retail division. Positive rental reversion is expected for the retail segment, supported by Suria KLCC's strategic location. Meanwhile, the office segment should remain steady, which could help cushion potential weakness in the hotel division in the near term. Hence, we maintain our **NEUTRAL** call on KLCCP Stapled Group. Gross distribution yield is estimated at 5.2%.

RETURN STATISTICS	
Price @ 26th Aug 2026 (RM)	8.70
Expected share price return (%)	+1.1
Expected dividend yield (%)	+5.2
Expected total return (%)	+6.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.1	-3.6
3months	-3.6	-8.4
12 months	0.7	-8.7

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	5.2%	5.3%	5.4%

KEY STATISTICS

FBM KLCI	1,748.54
Issue shares (m)	1805.33
Estimated free float (%)	24.74
Market Capitalisation (RM'm)	15,706
52-wk price range	RM8.4 – RM9.57
3-mth average daily volume (m)	0.69
3-mth average daily value (RM'm)	6.16
Top Shareholders (%)	
Petroliam Nasional Bhd	64.68
EPF	11.04
Amanah Saham Nasional Bhd	7.47

Analyst
Jessica Low Jze Tieng
jessica.lowjt@mbsb.com
03-2173 8391

KLCCP Stapled Group: 2QFY26 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	2QFY26	%YoY	%QoQ	FY26	%YoY
Revenue	415.7	1.3%	1.0%	827.5	1.3%
Operating Profit	265.0	1.1%	0.2%	529.5	1.0%
Profit Before Tax	238.1	1.9%	0.5%	475.1	1.7%
Core PBT	238.1	2.2%	0.5%	475.1	1.6%
Net Income	204.4	2.0%	0.1%	408.6	1.7%
Core Net Income	204.4	2.3%	0.1%	408.6	1.5%
Basic EPS (sen)	11.3	2.0%	0.1%	22.6	1.7%
Core EPS (sen)	11.3	2.3%	0.1%	22.6	1.5%
Gross Dividend (sen)	9.3	1.1%	0.0%	18.6	1.1%

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)	20.1	19.1	18.7	18.3	18.0
NAV/unit (RM)	7.59	7.85	8.20	8.22	8.24
P/NAV (x)	1.15	1.11	1.06	1.06	1.06

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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MBSB 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