Corporate Update

KLCCP Stapled Group

(5235 | KLCCSS MK) Main | REIT

3 Stars | SHARIAH Compliant

Upgrade to **BUY**
(from NEUTRAL)

Unchanged Target Price **RM8.80**

3QFY26 Results Review
Steady Earnings Performance

9MFY26 earnings within expectations. KLCCP Stapled Group 9MFY26 core net income of RM612.5m came in within expectations, making up 73% and 70% of our and consensus full year estimates respectively. KLCCP Stapled Group announced distribution per unit (DPU) of 9.50sen for 3QFY26, bringing total DPU to 28.10sen in 9MFY26.

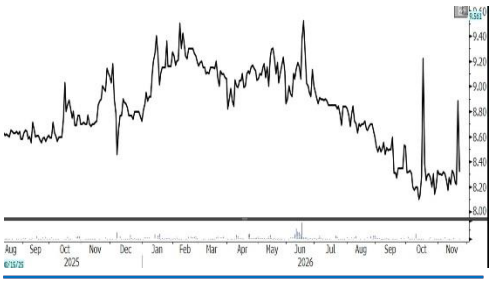
Flattish sequential earnings. Sequentially, 3QFY26 earnings were marginally lower at RM203.9m (-0.3%qoq) while topline was higher (+6.7%qoq). The marginally lower earnings were mainly due to lower contribution from retail division which saw decline of 1.8%qoq in profit before tax (PBT). The slightly lower earnings from retail division were due to higher expenses for retail promotional activities. Meanwhile, hotel division returned to the black in 3QFY26 due to higher stronger F&B sales and banquet activities

Stable earnings in 9MFY26. On a year-on-year basis, 3QFY26 core net income was marginally lower at RM203.9m (-2.4%yoy) while topline expanded by +3.3%yoy. The decline in earnings was dragged by the increase in operating expenses. That brought 9MFY26 earnings to RM612.5m (+0.2%yoy). The slight increase in earnings was due to better contribution from office and retail division which offset the weaker performance of hotel division. Besides, the lower financing cost following the successful refinancing of its Sukuk Murabahah also supported earnings growth. Office division remains resilient due to long lease agreement while retail division continues to support by positive rental reversion. On the other hand, hotel operations were affected by the hotel room renovations. Nevertheless, the completion of hotel room renovations by end-November, coupled with the year-end holiday season, is expected to drive better hotel earnings in 4QFY26.

Upgrade to BUY 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 earnings stability to be driven by the resilient retail division, with positive rental reversion supported by Suria KLCC's strategic location. The office segment is also anticipated to remain stable, helping to mitigate potential near-term weakness from the hotel division. We upgrade KLCCP Stapled Group to BUY from NEUTRAL as the recent share price decline offers attractive upside. Fundamental of KLCCP Stapled Goup remains stable with positive earnings outlook while gross distribution yield is attractive at 5.5%.

RETURN STATISTICS	
Price @ 23rd Nov 2026 (RM)	8.29
Expected share price return (%)	+6.2
Expected dividend yield (%)	+5.5
Expected total return (%)	+11.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.7	4.7
3months	-2.2	7.5
12 months	-7.4	-3.4

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	5.5%	5.6%	5.7%

KEY STATISTICS

FBM KLCI	1,549.05748.54
Issue shares (m)	1805.33
Estimated free float (%)	23.74
Market Capitalisation (RM'm)	14,966
52-wk price range	RM8.09 – RM9.57
3-mth average daily volume (m)	0.44
3-mth average daily value (RM'm)	3.74
Top Shareholders (%)	
Petroliam Nasional Bhd	64.68
EPF	10.32
Amanah Saham Nasional Bhd	7.47

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KLCCP Stapled Group: 3QFY26 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	3QFY26	%YoY	%QoQ	FY26	%YoY
Revenue	443.7	3.3%	6.7%	1,271.2	2.0%
Operating Profit	268.0	-1.8%	1.1%	797.5	0.0%
Profit Before Tax	241.6	-1.2%	1.5%	716.7	0.7%
Core PBT	241.6	-1.2%	1.5%	716.7	0.6%
Net Income	203.9	-2.5%	-0.3%	612.5	0.2%
Core Net Income	203.9	-2.4%	-0.3%	612.5	0.2%
Basic EPS (sen)	11.3	-2.5%	-0.3%	33.9	0.3%
Core EPS (sen)	11.3	-2.4%	-0.3%	33.9	0.2%
Gross Dividend (sen)	9.5	0.0%	2.2%	28.1	0.7%

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)	19.1	18.2	17.8	17.4	17.2
NAV/unit (RM)	7.59	7.85	8.20	8.22	8.24
P/NAV (x)	1.09	1.06	1.01	1.01	1.01

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