

IGB 4Q net profit falls amid lower contribution from property investments

BY ARJUNA CHANDRAN SHANKAR

KUALA LUMPUR: IGB Bhd posted a near 35% drop in net profit for the fourth quarter ended Dec 31, 2019 (4QFY19) amid a lower contribution from its commercial and retail property investments.

In a bourse filing yesterday, the group said its 4Q profit fell to RM59.9 million, from RM92.01 million for 4QFY18, which translates into lower earnings per share (EPS) of 8.8 sen for 4QFY19, from 13.76 sen a year prior.

Quarterly revenue grew by 18.39% to RM427.49 million, from RM361.1 million before, which the group attributed to its commercial and retail property investment division.

Higher rental revenue was derived from its Menara Southpoint building in Mid Valley City, as well as from The Mall, Mid Valley Southkey, which opened for business on April 23, 2019.

But its bottom line was hit by higher depreciation and finance costs charged to the income state-

ments of its units, Mid Valley City Southpoint Sdn Bhd and Southkey Megamall Sdn Bhd.

IGB's full-year net profit was lower by 11.45% to RM208.67 million, from RM235.64 million for FY18, which translates into FY19 EPS of 30.66 sen against 35.24 sen a year ago.

FY19 revenue was 10.8% higher at RM1.44 billion, from RM1.3 billion for FY18.

The group has proposed an interim dividend of 4.3% per annum, based on the issue price of RM3.28 per redeemable convertible cumulative preference share which was issued on Feb 15, 2015, and matured on Feb 14, 2020. The dividend will be paid on March 27, 2020.

Previously, IGB had declared an interim dividend of three sen for FY19. Of this one sen was paid in cash with the balance was paid by the way of dividend-in-specie by distributing treasury shares.

"The cash dividend was paid on Oct 4 last year and the treasury shares were credited to the entitled

members' account on the same day," the company said.

On its prospects, the group noted that the property investment segments will be more challenging in the near term given the increase in retail space supply and slower demand for office space in Kuala Lumpur.

"However, with the prime location of the group's retail malls and office buildings, the board expects contribution from this segment to be satisfactory. Menara Southpoint at Mid Valley City with net lettable area of about 490,000 sq ft was completed and obtained its certificate of occupation on July 6, 2018 and is expected to contribute positively to the growth of this division.

The Mall, Mid Valley Southkey, located in Johor Bahru had its soft opening on April 23, 2019 and is expected to contribute to the growth of the group's retail division. Ninety per cent of The Mall's lettable area has been committed with tenants and currently about 87% of them are opened for business," the group said.