

IGB Berhad - Higher Dividend Payment | I3investor

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IGB Berhad (IGB) registered 3QFY22 net profit of RM47.8m (>100% YoY, - 3.9% QoQ), which meets our expectations, though coming in above consensus. For 9MFY22, Group net profit of RM140.3m (>100% YoY) contributed 80% and 85% of our and consensus full year estimates. Group revenue in 3QFY22 rose 56% YoY due to higher contributions from all operating divisions. Accordingly, Group pre-tax profit increased by more than 100% YoY to RM108.2m. IGB declared an interim dividend of 5 sen a share which is higher than our expectations for FY22. As such, we revise our payout assumption to between 30%-40% (or 8sen p.a.) for the Group. No change to our earnings estimates and we maintain our **Outperform** call with **TP of RM2.70**, pegged at c.40% discount to NTA. We continue to believe in the long-term attractiveness of IGB's assets.

- **Revenue from retail assets (via IGBREIT) rose 4.8% YoY** in 3QFY22 to RM140.1m but net property income (NPI) was 4.3% lower YoY at RM101.2m, mainly due to the higher maintenance expenses in the current quarter. Both retail assets in KL (Mid Valley Megamall and Gardens Mall) are virtually fully-occupied with rental income remaining resilient post-pandemic. As at 3QFY22, average gross monthly rental income for Mid Valley Megamall is at RM15.15psf, while The Gardens Mall is getting RM13.92psf. Meanwhile, The Mall, Mid Valley Southkey, Johor Bahru contributed revenue of RM41.1m in 3QFY22 (from RM16.9m in 3QFY21) and recorded pre-tax profit of RM6.9m from RM17.6m loss a year ago.
- **Property Investment-Commercial division** reported gross revenue and net property income of RM45.5m (-5.8% QoQ) and RM25.8m (- 14.3% QoQ) respectively in 3QFY22. Average occupancy rates as at 3QFY22 for IGB Commercial REIT's portfolio of 10 investment properties was 74.9% (71.4% in 2QFY22) with average rental rates at RM6.17 (RM6.30psf in 2QFY22). Again, Group results were dragged by higher-than-expected operating expenses arising from refurbishment costs and utility expenses. As for the hotels, revenue in 3QFY22 rose more than 100% to RM46.5m (from RM5.1m in 3QFY21) as average occupancy rates for all hotels in the Group show a significant increase YoY.

Source: [PublicInvest Research](#) - 30 Nov 2022