

IGB posts lower 4Q net profit on absence of hefty one-off disposal gain | The Edge Markets

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KUALA LUMPUR (Feb 22): Property firm IGB Bhd's net profit came in lower at RM18.77 million for fourth quarter ended Dec 31, 2022 (4QFY2022), compared with RM233.77 million a year ago, due to the absence of the RM193.4 million one-off gain from the disposal of a joint venture company in 2021.

However, IGB recorded a 28% year-on-year (y-o-y) growth in quarterly revenue to RM383.2 million in 4QFY2022 against RM300.4 million. The group disclosed in its filing with Bursa Malaysia that it saw higher contributions from all operating divisions except for the property development division.

Earnings per share in the quarter under review was 2.08 sen from 26.25 sen a year ago. The group did not declare any dividend for the three months ended Dec 31, 2022, but the total dividends declared for the financial year ended Dec 31, 2022 (FY2022) was five sen per share (FY2021: 17 sen per share).

For FY2022, the group's net profit fell marginally by about 2% to RM159.11 million compared to RM161.85 million a year prior. The drop was because FY2021 was supported by the one-off tax expense net of deferred tax of RM56.2 million from the disposal of certain investment properties held by the group to IGB Commercial Real Estate Investment Trust.

Annual revenue increased by 39% to RM1.29 billion in FY2022 from RM930.1 million in the preceding financial year.

In terms of prospects, IGB expects the overall results of FY2023 to be “satisfactory”. For the retail division, IGB said the biggest challenges for the industry in 2023 could be the rising cost of living and the increasing costs of doing retail business.

IGB noted that the outlook of the office market in the near term remains volatile as there is an imbalance in the office supply-demand dynamics coupled with the fierce competition.

“The group expects a continued challenging year in 2023 for its property development division. The focus of the group remained on disposing of its current stock of completed properties while at the same time planning for future launches,” IGB added.

For its hotel segment, it said there was remarkable recovery in 2022 supported by the increase in both domestic and international tourism. IGB believes the recovery in this division will continue into 2023 with an added boost after China lifted its travel restriction on Jan 8.

In a separate announcement, IGB proposed a bonus issue of up to 452.71 million shares on the basis of one bonus share for every two shares held.

The bonus shares will be issued at a date to be fixed later, the group said.

Based on the five-day volume weighted average price up to the latest practicable date (Feb 21) of RM2.48, the theoretical ex-bonus price will be RM1.65.

IGB said the bonus issue is expected to be completed by the first half of 2023.

Shares in IGB went up four sen or 1.6% to RM2.54, giving the group a market capitalisation of RM2.3 billion. In the past one year, the counter has risen 31.61%.