

# Higher contributions from operating segments lift IGB's 1Q net profit by 31% | EdgeProp.my

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KUALA LUMPUR (May 30): IGB Bhd's net profit for the first quarter ended March 31, 2023 (1QFY2023) climbed 31.24% year-on-year to RM56.07 million from RM42.72 million on higher revenue due to improved contributions from the group's operating segments.

As such, earnings per share increased to 6.22 sen from 4.73 sen a year earlier.

On the breakdown of its retail property investment, the group said higher earnings in this segment were mainly due to lower rental support provided to tenants and the improving retail sales of tenants.

Total gross revenue for IGB Real Estate Investment Trust (IGB REIT) increased to RM153.3 million from RM132.3 million a year ago, while net property income (NPI) expanded to RM91 million from RM78.6 million. Meanwhile, The Mall, Mid Valley Southkey in Johor Bahru recorded total gross revenue of RM58.6 million versus RM38 million in 1QFY2022. Profit before tax jumped 242% to RM21.2 million against RM6.2 million previously.

As for IGB's commercial property investment, the group said, IGB

Commercial REIT's registered a total gross revenue rose to RM51.8 million (from RM46.9 million) driven by higher occupancy rates, despite NPI decreasing to RM8.9 million (from RM9.8 million) on higher property operating expenses and finance costs.

"Revenue from the property development segment of RM38.5 million (1Q2022: RM12 million) was higher due to improved sales of completed condominium units at 'Stonor 3'. The group currently does not have any other launched property development projects," said IGB.

In addition, revenue from the hotel segment more than doubled to RM58.5 million from RM21.5 million, contributed by a significant improvement in occupancy rate and room rate, said IGB.

Looking ahead, the group is cautiously optimistic about the outlook for FY2023, given the challenging retail environment due to the rising cost of living and the high cost of doing retail business, as well as the looming supply and lack of key catalysts to boost office demand in the Klang Valley.

"As the oversupply of high-end properties continued, the group expects a continued challenging year for its property development segment. However, with China reopening its borders, and more international travellers returning to Malaysia, we expect the property market to benefit as foreign investors return.

"In anticipation of further growth in inbound travel, both across the region and further afield, the group's hotel segment... is expected to continue its steady recovery in 2023. The segment's results will also be supported by the reopening of the 390-room Boulevard hotel in July 2023 and the full-year contribution from St Giles Southkey hotel that opened for business on Aug 31, 2022," IGB added.