

The Edge Malaysia Centurion Club Corporate Awards 2023

Sailing through the storm

By Anis Hazim / The Edge Malaysia
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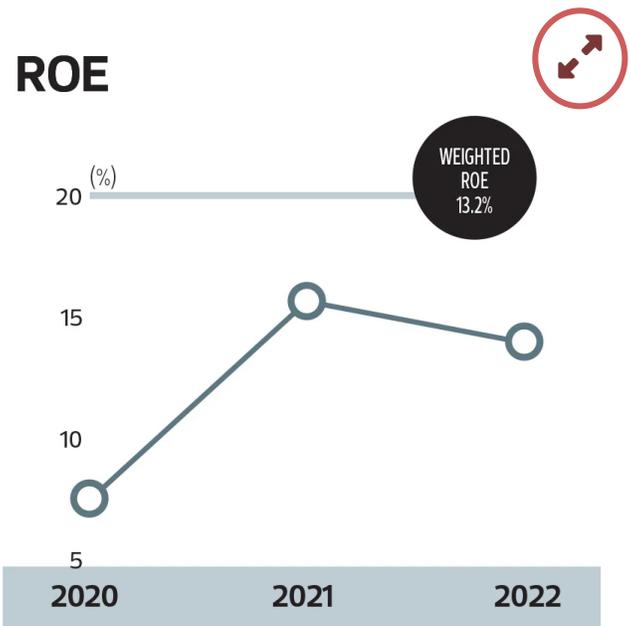


Despite the unprecedented pandemic induced labour shortages, building material cost inflation and interest rate hikes weighing on the property sector, Kerjaya Prospek Property Bhd has weathered the challenges well and continued to grow year on year.

Its performance helped it clinch the award for highest ROE over three years in the property sector at The Edge Malaysia Centurion Club Corporate Awards 2023.

Kerjaya Prospek Property, which focuses on property development and hospitality, delivered a return on equity (ROE) of 7.5% in 2020, 15.7% in 2021 and 14% in 2022, bringing its three-year weighted ROE to 13.2%, based on the awards' methodology. This is thanks to the largely upward trend in the group's profitability as its net profit came in at RM27.8 million in FY2019, RM21.2 million in FY2020, RM63.1 million in FY2021 and RM73.3 million in FY2022.

Reflecting its ability to deliver quality products and services, Kerjaya Prospek Property's total remaining gross development value (RGDV) for ongoing and upcoming property developments



stood at RM3.5 billion as at July this year, according to its FY2023 annual report.

For its financial year ended March 31, 2023 (FY2023), Kerjaya Prospek Property recorded a 24.87% increase in its net profit to RM91.51 million from RM73.29 million in FY2022, as revenue jumped 36.82% to RM370.62 million from RM270.89 million. The improved profitability was driven by higher revenue and profit from its ongoing Bloomsvale project in Old Klang Road, Kuala Lumpur, and sales at Straits Residences in Seri Tanjung Pinang, Penang.

It is worth noting that the group declared a dividend for the first time in FY2023 — three sen per share, or a total of RM11.4 million — equivalent to 12.5% of its net profit.

Between March 31, 2021, and March 31, 2023, Kerjaya Prospek Property's share price was up about 15%. The counter closed at 92 sen on Aug 30, 2023, giving the group a market capitalisation of RM368.13 million.

In FY2023, the property development segment continued to be a major contributor to Kerjaya Prospek Property's earnings. Its completed projects include the Straits Residences; Kaleidoscope in Setiawangsa KL; G Residence in Plentong, Johor; Residency V in Old Klang Road; and The Shore at Melaka River.

Meanwhile, its hospitality segment, which is focused on Melaka, offers quality services at the Swiss-Garden Hotel Melaka, the Shore Hotel & Residences, Mio Boutique Hotel, The Shore Sky Tower and The Sky Deli Restaurant.

Looking ahead, its Bloomsvale mixed-use development in Old Klang Road, Kuala Lumpur, is slated for completion in FY2024.

“The upcoming hotel, retail mall and office suites hold great potential to further enrich recurring earnings and enhance our overall performance,” the company said in its financial statement for the first quarter of FY2024.

The group expects to launch its newest project in Sentul KL, with an estimated GDV of RM220 million, this year. In the meantime, Kerjaya Prospek Property said it will continue to pursue strategic land banking to ensure a continuous pipeline of projects.

“Despite the challenges, the future prospects for the property segment remain optimistic. As we progress, we shall remain vigilant in monitoring the property market demand prior to launching future projects, ensuring the delivery of value to our stakeholders,” it added.

The group is confident that it will remain resilient and be able to steer through any challenging outlook ahead as it continues to grow its business sustainably.

For the first financial quarter ended June 30, 2023 (1QFY2024), Kerjaya Prospek Property's net profit (unaudited) came in at RM21.79 million, compared with RM21.72 million in 1QFY2023, while revenue grew 4.6% to RM91.28 million from RM87.28 million a year earlier. The hospitality segment reported lower profit before tax during the quarter due to repair works at its property and higher staff costs.

FY2024 will see Kerjaya Prospek Property rewarding shareholders for a second year, as it recently declared an interim dividend of one sen per share, payable on Oct 2.

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