GuocoLand posts half-year net profit rise of 122% to $325.2m

Property developer GuocoLand yesterday posted a 122 per cent rise in net profit for the six months ended June 30.

Although revenue was down 4 per cent to $512.8 million, the group narrowed its cost of sales to $287.3 million, bringing its gross profit for the half-year period to $225.5 million, which was 30 per cent higher than the year-ago period.

Net profit for the second half stood at $325.2 million, up from $146.2 million recorded the year before. The results translate to earnings per share (EPS) of 28.45 cents, up from 12.33 cents a year ago.

The slide in revenue came as increased income from the progressive recognition of sales from certain Singapore residential projects was offset by reduced revenue from GuocoLand's Martin Modern project. Moreover, the year-ago period saw a one-off gain from the disposal of a land parcel located in Melaka.



GuocoLand Singapore revenue rose 13 per cent to $689.2 million, as sales and construction of Meyer Mansion, Midtown Modern (above) and Midtown Bay continued to progress. PHOTO: GUOCOLAND

During the half-year period, the group recognised revenue from Meyer Mansion, Midtown Modern and the sale of a low-rise office block at Guoco Changfeng City in Shanghai. Revenue from Martin Modern, which has been completed and fully sold, was substantially recognised in prior periods, the group said.

For the full year ended June 30, GuocoLand recorded a 132 per cent rise in net profit to $392.7 million, compared with $169.1 million the year prior. The results translate to an EPS of 33.68 cents, up from 13.52 cents the year before.

The board has proposed a final dividend of six cents per share, unchanged from the year before. The dividend will be paid out on Nov 15, after the record date on Oct 27.

Revenue for the full-year period climbed 13 per cent to $965.5 million from $853.7 million a year ago, with Singapore contributing more than 70 per cent of group revenue. The China segment also saw a jump in revenue, while income from the Malaysia market dropped.

GuocoLand Singapore revenue rose 13 per cent to $689.2 million, as sales and construction of Meyer Mansion, Midtown Modern and Midtown Bay continued to progress. The group's Singapore investment properties also advanced 8 per cent to $114.3 million on higher rentals from Guoco Tower.

Higher capital values, primarily from Guoco Tower and Guoco Midtown, led to $253.8 million in net fair values gains, doubling profit for the Singapore segment to $434.8 million.

In China, the group was back in the black with a profit of $86.8 million, compared with a loss recorded last year. GuocoLand China recorded $105.4 million in revenue, compared with $12.6 million in the previous year, mainly due to the sale of two low-rise office blocks in Guoco Changfeng City.

Revenue from GuocoLand Malaysia was down 38 per cent to $128.3 million, while profit fell 64 per cent to $16.3 million, due to the impact of a land parcel disposal last year.

GuocoLand's chief executive Cheng Hsing Yao said the group's strategy to diversify its profit sources through growing its investment business, along with its development business, is delivering results.

"As Guoco Midtown completes in stages, it will further boost our recurrent income," he added.

GuocoLand was trading up two cents or 1.2 per cent at $1.69 as at market close yesterday.

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