

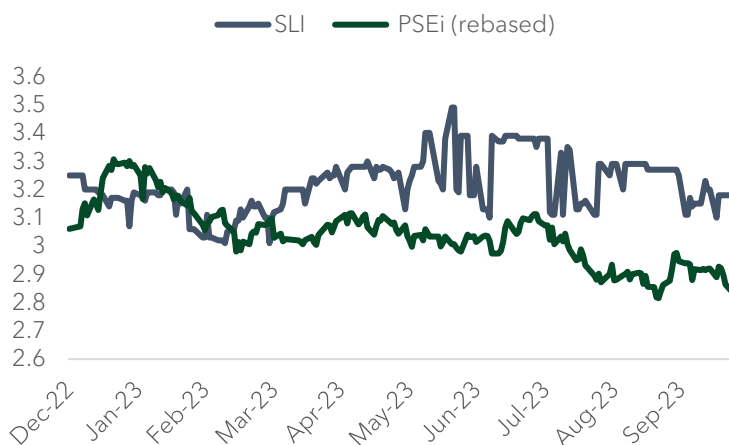
STA. LUCIA LAND, INC. (SLI)

Company Update

| | | | | |
|----------------|---------|--------------------|---------------------|---------------------------------|
| Ticker Symbol: | Rating: | Last Traded Price: | Estimated FV/share: | Potential Upside/(Downside): |
| SLI | BUY | 3.18 | 5.36 | 68.4% |

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Price Performance



| Return (in %) | YTD | 1M | 3M | 12M |
|---------------|--------|--------|--------|--------|
| SLI | -2.15% | -2.75% | -5.92% | 13.17% |
| PSEi | -7.28% | -0.88% | -8.41% | 0.99% |

Stock Data

| | |
|--------------------------|-----------|
| Sector | Property |
| Market cap | P26.38-Bn |
| Shares O/S | 8.296-Bn |
| 52-week range | 2.74-3.49 |
| 52-week avg daily volume | 761,889 |

Financial Highlights

| | FY22A | FY23E | FY24E | FY25E |
|-----------------------------|--------|--------|--------|--------|
| Financials (in P-Mn) | | | | |
| Revenues | 9,883 | 11,166 | 13,238 | 15,893 |
| % growth | 18.06% | 12.99% | 18.55% | 20.05% |
| Net income | 3,433 | 3,908 | 4,766 | 6,039 |
| % growth | 18.06% | 12.99% | 18.55% | 20.05% |
| Per share data | | | | |
| EPS | 0.42 | 0.47 | 0.57 | 0.73 |
| EPS growth (%) | 20.91% | 13.83% | 21.94% | 26.72% |

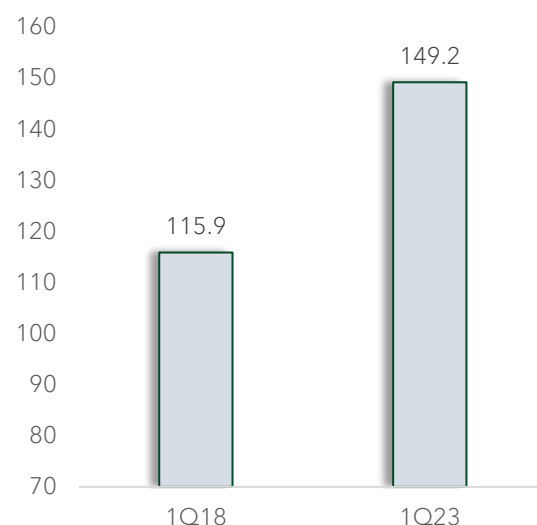
Summary

- We maintain a positive outlook for Sta. Lucia's growth trajectory given their push to develop properties outside Metro Manila displayed by recent and future land acquisitions focused on various regions.
- This is anchored on rising demand and prices outside the metro as the residential market starts to shift towards fringe areas which composes the majority of their land acquisitions at 97.3%.
- The company has extensive experience on the development of various residential projects outside Metro Manila.
- Gross Profit Margins has grown substantially over the past 10 years from 2013's 50% to the current year's 74%. We expect the company to continue on this trend moving forward.
- The continuance of their JV growth formula which is primarily focused in CALABARZON, Davao, and Central Luzon will further boost their top and bottom-line.
- We expect double digit revenue growth for the following years as they continue to incorporate their growth strategies moving forward.
- We used the 5-year historical median P/E of 9.32 and FY24 EPS of 0.57 to come up with a FY24E P/E based target price of 5.36.

Strong growth prospects.

- We expect Sta. Lucia Land to maintain its strong growth trajectory, building upon its Compounded Annual Growth Rate (CAGR) of 23.7% and 27.6% for its 2013-2022 revenues and net income respectively.
- We note not only rising demand but also rising prices outside of Metro Manila, shown by the Bangko Sentral's Residential Real Estate Price Index of Areas Outside the NCR (RREPI AONCR) which measures average price changes of residential properties over time, rose by 28.7% over the last 5 years (1Q18 to 1Q23). The company already has a track record in building large subdivisions outside Metro Manila. Several projects include; Lakewood City in Cabanatuan (400 HA), Colinas Verdes in Bulacan (300HA), and Beverly Place in Pampanga (200HA), emphasizing the company's development efforts outside the metro.
- We also note that 97.3% of the company's land acquisitions are composed of properties outside Metro Manila.
- The company's Gross Profit Margins (GPM) has been improving over time, currently at 74%, the highest in the industry, as it is selling an asset class that increases in value over time.

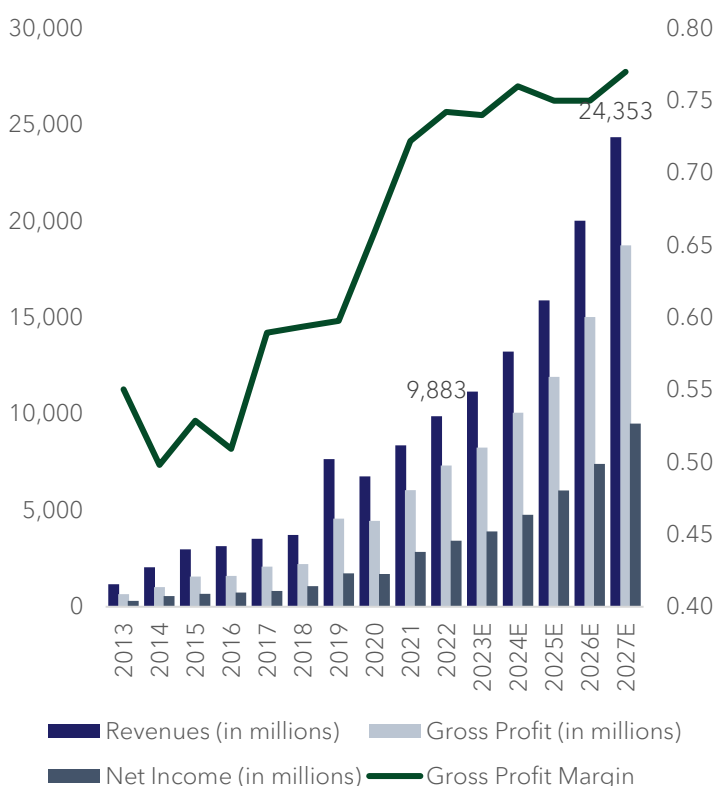
Exhibit 1: RREPI outside NCR



Outlook & Guidance for FY23 and Beyond

- Management is looking to develop fully integrated master planned subdivisions starting with land acquisition and land development.
- The company already has over 100 hectares of developed commercial lots available for sale and for joint ventures.
- Management stated expansion through JV and expansion of existing projects in CALABARZON, Davao, and Central Luzon.
- The company is pushing the development of commercial spaces, showed by the launching of new hotels in Iloilo, Davao, Neopolitan 2, and Santorini alongside the eventual completion of Sta. Lucia Davao Mall by 2023.
- We note that they will be able to capitalize further on their residential development segment through their wholly-owned subsidiary Sta. Lucia Homes will be developing fully sold Sta. Lucia residential lots.
- We expect 13% revenue growth for 2023E given high rates and then a more positive 2024-2027 with a CAGR of 15.8%.

Exhibit 2: Key financial data with 2023-2027 forecast



Rating Definition

- BUY** The stock has a potential upside of at least 5% in the next 12 months based on APS Research fair value estimates, and/or a potential total return of at least 5% in the same period including dividend payments, and/or the potential to outperform the broader market or similar stocks within the same industry sector or segment.
- HOLD** The stock has a potential upside/downside of not more than +/-5% in the next 12 months based on APS Research fair value estimates, and/or a potential total return/loss of not more than +/-5% in the same period including dividend payments, and/or the potential to only slightly outperform/underperform the broader market or similar stocks within the same industry sector or segment.
- SELL** The stock has a potential downside of at least 5% in the next 12 months based on APS Research fair value estimates, and/or a potential total loss of at least 5% in the same period including dividend payments, and/or the potential to underperform the broader market or similar stocks within the same industry sector or segment.

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