



November 5, 2018

Manila, Philippines

Issuer: Sta. Lucia Land Inc.
PSE: SLI



Series A Bonds ₱2 Billion Redeemed 2018
Series B Bonds ₱2 Billion Due 2021

Rating History:

2015: 'AA+' Stable Outlook Assigned
2016: 'AA+' Stable Outlook Affirmed
2017: 'AA+' Stable Outlook Affirmed
2018: 'AA+' Stable Outlook Affirmed

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'AA+' Rating with Stable Outlook Affirmed

October 30, 2018 – The Credit Rating and Investors Services Philippines, Inc. (CRISP) has affirmed its 'AA+' rating on Sta. Lucia Land Inc. (SLI) with stable outlook.

The rating action was based on CRISP's assessment of the following SLI's credit strengths:

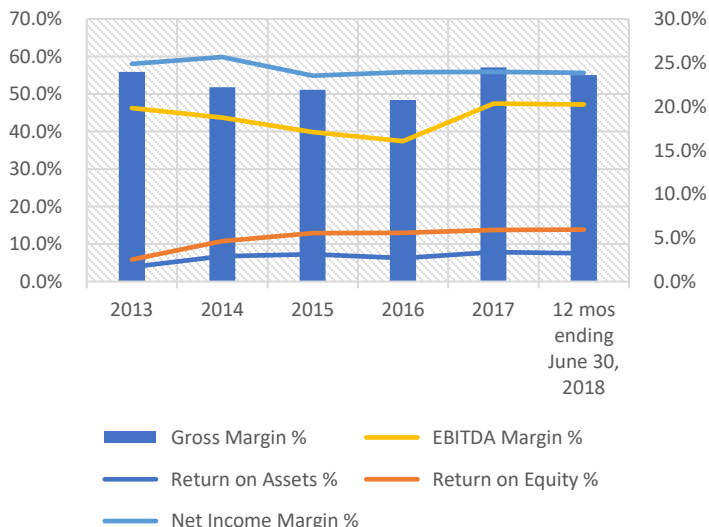
- Strong market presence in the affordable and emerging middle class market segments.
- Stable revenue growth
- Timely landbanking initiatives.

Sta Lucia is a well established brand in its market segment. SLI is a widely recognized brand in the affordable and emerging middle class market segments which represents a sizable market in the country today.

Stable revenue growth. SLI's annual total revenue growth averaged 30.2% while its gross margin averaged 52.7% and its EBITDA margin averaged around 43% over the last five years. SLI's net income margin remained relatively stable averaging around 24.2% over the same period.

Timely landbanking initiatives. Aiming to strategically position itself as a major property developer nationwide, SLI continued to expand in key cities and provinces by acquiring 97 properties that totaled about 418 hectares in Pasig City, Bulacan, Cavite, Laguna, Batangas, Rizal, Palawan, Iloilo, Cebu, Zamboanga, General Santos City and Davao. SLI was also able to seal over 39 joint venture agreements for about 463 hectares in Pasig City, Pangasinan, Cavite, Laguna, Batangas, Rizal, Palawan, Iloilo, Cebu, Negros Occidental and Davao.

Key Financial Margins Statistics



Selected Ratios					
	2014	2015	2016	2017	2018*
ROE (%)	4.6%	5.5%	5.6%	5.9%	5.9%
Gross Margin (%)	51.8%	51.1%	48.4%	57.1%	55.0%
EBITDA Margin (%)	43.7%	39.9%	37.4%	47.4%	47.2%
EBIT Margin (%)	37.8%	34.0%	31.9%	42.5%	42.5%
Net Income Margin (%)	25.7%	23.5%	23.9%	24.0%	23.8%
Current Ratio (x times)	2.1x	4.7x	2.8x	2.3x	2.6x
Quick Ratio	0.4x	1.3x	0.4x	0.3x	0.3x
Total Debt/Equity	27.3%	44.3%	47.1%	73.8%	75.7%

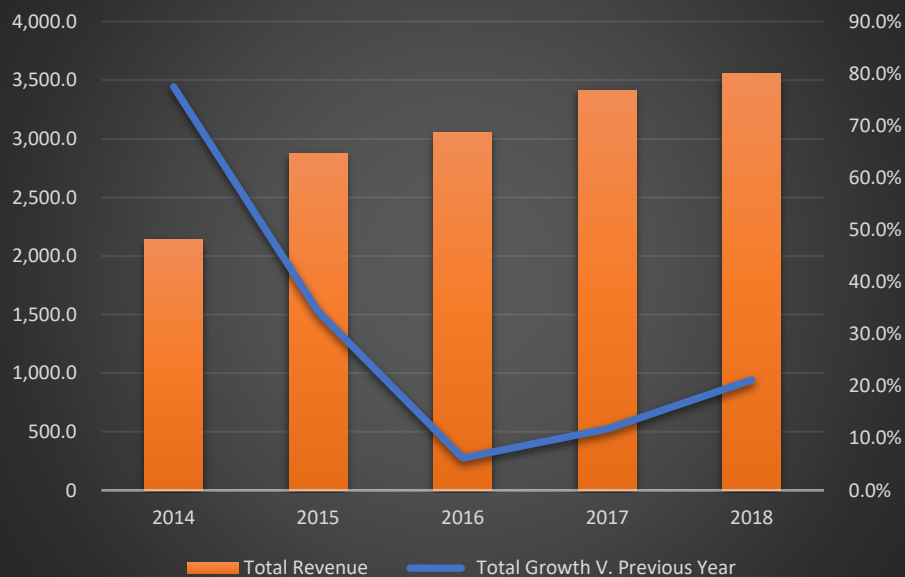
*12 months ending June 30, 2018

Select Data from Income Statement (in millions)						
Fiscal Year	2013	2014	2015	2016	2017	12 months ending June 30, 2018
Total Revenues	₱1,205	₱2,139	₱2,874	₱3,053	₱3,413	₱3,556
Cost of Sales	532	1,031	1,405	1,574	1,463	1,599
Gross Profit	673	1,108	1,470	1,479	1,951	1,958
Other Op Expenses	229	298	492	503	499	446
Operating Income	445	810	978	975	1,451	1,512
Net Income	₱ 300	₱ 549	₱ 676	₱ 730	₱ 818	₱ 848

Financials

Over the last 3 years, SLI's gross profit margins averaged 53.5% on total revenues that grew 13% on average during the same period. Net income averaged 23.9% while EBITDA averaged 44% also during the same three-year period which included the last 12-month period ending June 30, 2018.

Revenue Growth



OVERVIEW



SLI is member of the Sta. Lucia Group (SLG) founded over 46 years ago that was initially engaged in the development of residential subdivisions but eventually diversified and has expanded into vertical residential development projects.

Leading developer of golf courses in the Philippines, SLI has the most number of golf courses in the country. It has also developed the Sta. Lucia East Grand Mall located in Cainta, Rizal.

	Economic and Industry Trends	• Outlook and public policy
	Market Trends	• Competition and market share
	Organizational Strengths	• Leadership and strategy
	Financial Strengths	• Flexibility
	Issue Structure	• Credit enhancements

In arriving at a rating assignment, **CRISP** evaluates issues and trend that may affect the ability of the issuer or the debt instrument to generate adequate resources to pay interest and principal in a timely fashion.

CRISP does not assign specific weights to any particular analytical areas. Instead, **CRISP** performs a comprehensive analysis that takes into account the dynamic and possibly synergistic relationships among factors that account for the strength and stability of the issuer of structure of the debt instrument.

CRISP's credit rating system uses a list of codes to represent the overall evaluation of the issue's credit risks. These codes are used to summarize the general characteristics of the issuer's creditworthiness. A plus or minus may be assigned to indicate whether the issuer is on the bottom or higher end of a given rating category.

CRISP disclaimer

A credit rating from the Credit Rating and Investors Services Philippines is not a recommendation or opinion to buy, sell or hold any financial products.

CRISP's credit rating is a statement of opinion derived through evaluation of factors that are considered relevant to the ability and willingness of a debt issuer to pay their debt in full and timely manner.

CRISP uses audited financial statements, legal opinions and/or feasibility studies prepared by reputable companies on behalf of the issuer.

Credit ratings for long term issues

- AAA** Debt rated 'AAA' reflects strongest capacity to repay debt obligations.
- AA** Debt rated 'AA' reflects very strong capacity to repay debt obligations.
- A** Debt rated 'A' reflects strong capacity to repay debt obligations.
- BBB** Debt rated 'BBB' reflects adequate capacity to repay debt obligations but demonstrates some vulnerability to changes in economic conditions, industry shifts and business circumstances.
- BB** Debt rated 'BB' reflects current capacity to repay debt obligations but demonstrates significant vulnerability to potential changes in economic conditions, industry shifts and business circumstances which could lead to a weakened position to repay debt.
- B** Debt rated 'B' reflects current capacity to pay debt but demonstrates impaired capacity to repay debt with potentially unfavorable changes in economic conditions, industry shifts and business circumstances.
- C** Debt rated 'C' reflects speculative position to repay debt. Although the issuer might reflect some positive credit qualities its susceptibility to adverse conditions is very high and can exacerbate its already weak capacity to repay debt
- D** Debt rated 'D' indicates default when payments on a rated obligation were paid after the due date. This rating will also be assigned should an issuer take actions to defer payments on a loan obligation through bankruptcy petition or similar moves that will result in delayed or non-payment of principal and/or interest.



Get the most from our research analysis

CRISP uses letters to denote its opinions on the creditworthiness of entities that issue debt instruments.

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A credit rating from the Credit Rating and Investors Services Philippines is not a recommendation or opinion to buy, sell or hold any financial products

“ CRISP ratings represent opinions of its analysts on the creditworthiness of its rated entities and its rated debt instruments. ”

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CRISP RATINGS: Academic rigor and industry insight



CRISP analysts are both senior research academicians at a leading regional academic institution and business practitioners. CRISP ratings are a product of decades of experience in business analysis and rigorous research that employ the rigors of academic research and inquiry. Facts and figures are used not merely to straight-jacket an analysis but to provide the starting points for a meaningful inquiry to unfold opportunities or potential risks.

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CRISP MARKET WATCH

CRISP provides market and industry surveillance for clients who may want to closely follow their investments or simply to monitor industry movements that may affect their businesses.

