

# PSE SPOTLIGHT

## FEATURING:



## Cebu Landmasters, Inc.

|                              |                |
|------------------------------|----------------|
| <b>Stock Code</b>            | CLI            |
| <b>Listing Board</b>         | Main Board     |
| <b>Sector – Subsector</b>    | Property       |
| <b>Listing Date</b>          | June 02, 2017  |
| <b>Outstanding Shares</b>    | 3,465,201,467  |
| <b>Free Float Level</b>      | 23.13%         |
| <b>Market Capitalization</b> | P9,286,739,932 |
| <b>P/E Ratio</b>             | 2.51x          |
| <b>Dividend Yield</b>        | 6.72%          |

As of 19 July 2024  
Source: PSE Data

[Company Profile](#)

### 1. What makes CLI an attractive investment for potential investors?

Cebu Landmasters, Inc. (CLI) stands as the leading residential development company in the Visayas and Mindanao (VisMin) region. According to Colliers, CLI achieved a market share of 22.8% in provincial residential net take-up value in 2023, the highest in VisMin. This dominance is fueled by the strong recognition of its brands across its core markets, driving robust demand for both current and future developments.

**Strategic Market Position and Growth Potential.** CLI is strategically positioned to capitalize on the continued growth of the VisMin market, supported by its well-located land bank in high-growth regions and a diversified portfolio of product offerings, including residential units, hotels, commercial lots, and commercial leasing.

**Financial Performance and Resilience.** Over the past five years (2018-2023), CLI has consistently demonstrated strong financial performance, with gross margins averaging 48.8%. Notably, CLI maintained its residential gross profit growth trajectory through the pandemic, distinguishing itself from peers who have struggled to return to pre-pandemic performance levels. This resilience underscores CLI's compelling value proposition as a leading developer in high-growth provincial areas.

**Expansion of Recurring Income Base.** The company is actively expanding its recurring income base through the development of hotels and investment properties in office and retail sectors. By 2028, CLI aims to complete 200,000 sq.m. in leasing GLA. The anticipated increase in provincial office space demand, particularly from BPOs, is expected to support the uptake of new office developments.

**Strategic Partnerships and Geographic Expansion.** CLI's strategy of forming strategic partnerships with local landowners has been instrumental in its rapid portfolio and geographic expansion. This approach allows CLI to prioritize capital deployment for development while leveraging local expertise and resources. Successful joint ventures in township projects in Cagayan de Oro, Minglanilla, and Davao highlight the effectiveness of this model. Early this year, CLI announced its first international joint venture, partners with leading Japanese property firm NTTUD Group to develop a premier residential condominium in Cebu IT Park.

Luzon expansion could provide demand windfall and fresh opportunities. CLI's recent disclosure on expanding into Luzon by 2024 is expected to further boost project demand and present more opportunities for partnerships and joint ventures.

**2. What challenges has CLI encountered, and what strategies were employed to overcome them effectively?**

CLI faces intense competition in acquiring raw land to support its project pipeline and future growth. CLI has mitigated this risk by leveraging its strong track record and brand recognition. The company's reputation as VisMin's leading housing developer, as recognized by Colliers and PropertyGuru in 2022, has positioned it favorably in the market. This strong foundation in the VisMin region enables CLI to make significant inroads with various stakeholders, attracting reverse inquiries for potential partnerships and land acquisition opportunities. These partnerships allow CLI to secure valuable land resources effectively and efficiently.

Further, CLI has experienced volatility in operating cash flows due to the dependency on the timely development, sale, and payment receipt of residential properties. CLI is actively addressing this risk through several strategic initiatives:

**Expansion of Leasing Portfolio:** CLI aims to increase the contribution of recurring revenue to 10% over the medium term. This involves expanding its portfolio of income-generating properties, such as commercial leasing spaces, hotels, and office properties, thereby enhancing cash flow stability.

**Capital Raising Opportunities:** CLI is preparing to capitalize on potential capital-raising opportunities to strengthen its financial position. Recently, the company raised P4.28 billion from preferred shares.

**Joint Venture Model:** CLI continues to maximize its capital funding through strategic joint ventures. This model allows the company to share the financial burden of large projects while benefiting from the expertise and resources of its partners. Successful township projects in Cagayan de Oro, Minglanilla, and Davao exemplify the effectiveness of this approach, enabling CLI to expand its footprint and project portfolio efficiently.

**3. What sustainability initiatives does CLI have in place? How do they align with your long-term goals?**

CLI has ESG initiatives in place. Based on CLI's 5-Pillar Sustainability Strategy, CLI's Environmental Stewardship pillar focuses on a) Resource Use Management (energy and water) b) Impact Management (waste and emissions) and c) Biodiversity Management and Ecosystems Protection. CLI has identified risks and has recognized its impacts and has put in place management approaches to mitigate risks and manage impacts associated with resource use, waste generation and disposal and scopes 1, 2 and 3 emissions.

**4. What recent trends or external developments pose significant risks to your company and how have they specifically affected the business? What risk-mitigating measures is your company taking or planning to implement to address said risks?**

CLI's landbank lite strategy, despite its inherent risks due to rising land prices and availability due to competition, CLI has proven its strategic advantage in their portfolio and geographic expansion. By forming strategic partnerships with local landowners, CLI effectively prioritizes capital deployment for development while leveraging local expertise and resources.

**5. How is the company doing in terms of its market position vis-à-vis its competitors in the industry? What are the key initiatives or programs being undertaken by the company to increase market share or gain an advantage over the competition?**

CLI achieved a market share of 22.8% in provincial residential net take-up value in 2023, the highest in VisMin according to independent study by Colliers. This dominance is fueled by the strong recognition of its brands across its core markets, driving robust demand for both current and future developments.

**PSE Spotlight** is a short feature about listed companies that are part of PSE STAR Investor Day. The report, which offers a quick overview of a company, includes a description of its business, stock information, as well as answers to five interview questions provided by the company's management team. The interview questions typically revolve around the company's value proposition, business operations and landscape, challenges and opportunities, and strategic initiatives.

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