



8990 Holdings posts 1H23 Net Income up 2.5% to PhP3.8 B; Revenues top PhP10 B

Lines up low-cost housing projects nationwide for coming years

8990 Holdings, Inc., listed on the Philippine Stock Exchange (PSE) under the symbol “HOUSE,” is looking to sustain its impressive growth momentum this year after solid operational results pushed up its Net Income in the first six months of 2023 by 2.5% to PhP3.79 Billion, up from PhP3.69 Billion recorded in the same period last year.

Gross Revenues from January to June soared to PhP10.07 Billion, a significant feat amidst the prevailing economic environment, showcasing in no small measure, “the resilience and dedication of the company’s team to drive consistent growth,” the developer said in a statement on Friday.

“The first half of 2023 has been a period of growth, achievement, and valuable learning experiences. Together, we have surpassed financial milestones, demonstrated adaptability, and strengthened our position as a leading player in the industry,” 8990 Holdings President & CEO Anthony Vincent Sotto said.

“As we embark on the next phase of our journey, I am confident that we will overcome any obstacles that come our way and continue to achieve greater heights,” he continued.

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Revenue target on track

The low cost-housing builder attained unrealized sales, as of end-June, of PhP4.6 Billion, with PhP2.6 Billion to be recognized within the year. “This still keeps us on track in meeting our year end revenue target of PhP24 Billion,” Sotto maintained.

However, the company’s Gross Margins slightly narrowed from 50% to 48%. To address this, Sotto acknowledged that the company is evaluating its cost structures and supply chain management to optimize gross margins moving forward.

“On a positive note, our Net Income Margin demonstrated improvement, standing at an impressive 38% in the first half of 2023, compared to 37% last year,” he pointed out. “This is a testament to our focus on efficiency, prudent financial decision-making, and delivering value to our customers and shareholders alike.”

Affordable housing demand remarkably high

8990 Holdings recently embarked on a strategic shift towards Pag-ibig Financing for most of its projects. The decision was driven by the company’s commitment to cater to the growing demand for affordable housing in the country.

“While the transition has been ongoing, we understand that recognizing revenue from these projects may require some time as our buyers adapt to this financing scheme,” Sotto opined.

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“Despite the transition, the demand for affordable housing remains remarkably high. Our projects have received a positive response from prospective buyers, reaffirming the need for quality, affordable homes in the market.

“We are confident that as our buyers become more acquainted with the Pag-ibig Financing option, we will witness accelerated revenue recognition in the near future,” Sotto promised.

Building across the nation

In the first six months, 8990 Holdings delivered a total of 6,105 homes. In terms of value, the National Capital Region (NCR) brought in 52% followed by North Luzon with 18%, Davao and Iloilo/Bacolod with 10% each. The Cebu/Ormoc branch generated 9%. Meanwhile, South Luzon contributed 1% and Gensan 0.17%.

In terms of units, the company’s NCR branch delivered 30% of the total followed by Iloilo/Bacolod with 22%, North Luzon with 21% and Davao with 19%. Cebu/Ormoc branches brought in 7% of the total. South Luzon was less than 1%.

In terms of product type, High-Rise Buildings (HRBs) generated 56% of the total value of units delivered. Mass Housing brought in 36%, Medium-Rise Buildings (MRBs) was at 5% while Lots contributed 3% of the total.

From a per unit basis, Mass Housing was still the leading contributor to the total with 62% followed by HRBs with 33% and MRBs with 5%.

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Focusing on sustainable growth, efficiency

The developer's land bank currently stands at 718.35 hectares. Sotto projected that with this vast land bank located in strategic areas nationwide, future projects will contribute approximately PhP155 Billion in potential revenues for 8990 Holdings in the next 7-8 years.

As the company moves forward into the second half of 2023, it vowed to remain committed to upholding its values of excellence, innovation, and customer satisfaction. "Our focus on sustainable growth and operational efficiency will continue to guide us as we navigate through both opportunities and challenges," Sotto assured.

Note that statements relating to future expectations and/or projections of the Company by its management team, with respect to the Company and its portfolio companies. These statements are generally identified by forward-looking words such as "believe", "plan", "anticipate", "continue", "estimate", "expect", "may", "will", or other similar words. These statements are: (i) presented on the basis of current assumptions which the company's management team believes to be reasonable and presumed correct based on available data at the time these were made, (ii) based on assumptions regarding the Company's present and future business strategies, and the environment in which it will operate in the future, (iii) a reflection of our current views with respect to future events and not a guarantee of future performance, and (iv) subject to certain factors which may cause some or all of the assumptions not to occur or cause actual results to diverge significantly from those projected. Any and all forward looking statements made by the Company or any persons acting on its behalf are deemed qualified in their entirety by these cautionary statements.

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