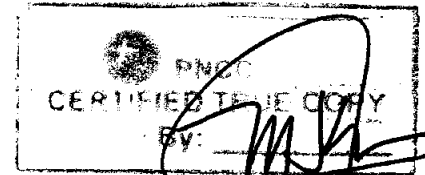


PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
 2021 CORPORATE OPERATING BUDGET (COB)
 EXECUTIVE SUMMARY
 (In Php)



Atty. Mariano Jesus S. Averia
 Corporate Secretary

INCOME AND EXPENSE	2020 BUDGET	2020 ANNUALIZED	PROPOSED BUDGET 2021	Inc/(Decrease)	
				Amount	%
Total Revenues	237,418,394	215,316,046	395,014,645	179,698,599	83
Less: Total general and administrative overhead	116,088,303	88,598,627	124,094,240	35,495,614	40
Net Income - PNCC operations	121,330,091	126,717,419	270,920,405	144,202,986	114
Add: Net Income - Disc Operations (SOMCO)	33,717,388	6,582,309	7,070,728	488,419	7
Total Net Income before penalty charges (TRB)	155,047,479	133,299,728	277,991,133	144,691,405	109
Less: Penalty charges (TRB)	(258,002,400)	(258,002,400)	(258,002,400)	-	0
Total Estimated Net Income/(Loss)	(102,954,921)	(124,702,672)	19,988,733	144,691,405	(116)
CAPITAL EXPENDITURES	-	-	5,787,000	(5,787,000)	#DIV/0!

Notes:

*2020 Actual

The "2020 actual" are the annualized figures based on the average cost from January to July 31, 2020 and other expenses that are paid on November

**High-Level Variance Analysis:

Total Estimated net loss decreased due to the following:

1. **Total revenues.** Total 2020 revenue budget is estimated to increase by P179.70M against the 2020 annualized revenue due to the projected increase in revenue share including the Skyway Stage 3, Dividend Share, Rentals and Interest Income.
2. **Total 2021 general and administrative overhead (GAO).** Total 2021 GAO budget is estimated to increase by P35.50M against the annualized 2020 due to the increase in employees cost, operating expenses per department and non-cash expense (Depreciation).
3. **Net Income- SOMCO operations.** Budgeted 2021 income from SOMCO operations is estimated to increase by P0.49M against the annualized 2020 net income due to the projected savings in projected administrative overhead brought about by additional staff (2 timekeepers) that were not hired.

REVENUES

1. Revenue and Dividend Shares*

	2020 BUDGET	Annualized 2020	PROPOSED BUDGET 2021	Variance 2021 vs Annualized	%	Variance 2021 vs 2020	%
Revenue Share:							
10% of 6% Share on MNTC Gross Revenue*	82,680,433	82,680,432	97,634,035	14,953,603	18	14,953,602	18%
10% of 3.5% Share on CMMTC Gross Revenue*	35,193,308	35,193,312	36,575,156	1,381,844	4	1,381,848	4%
10% of 3% Share on SLTC Gross Revenue*	22,861,004	18,054,873	25,165,560	7,110,687	39	2,304,556	10%
100% of 2.5% Share on CCEC Gross Revenue**	-	-	107,000,000	107,000,000	#DIV/0!	107,000,000	#DIV/0!
total	140,734,745	135,928,617	266,374,751	130,446,134	96	125,640,006	89%
Dividend:							
10% Dividend Income in the Equity Share- CMMTC ASDI and CESLA	44,185,294 382,327	33,130,047	40,439,947 387,419	7,309,900 387,419	22 #DIV/0!	(3,745,347) 5,092	-8% 1%
total	44,567,621	33,130,047	40,827,366	7,697,319	23	(3,740,255)	-8%
Total revenue and dividend shares	185,302,366	169,058,664	307,202,117	138,143,453	82	121,899,751	66%



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*The 2021 budgeted amounts are computed based on the annual average growth rate (AAGR) for the past three (3) years as follows:

**Revenue shares for CCEC (Skyway Stage 3) is 2.5% for the 1st 4 years; 3% from 5th to 7th year; 3.5% from 8th to 10th year and 4% from the 11th year onwards.

COMPUTATION OF REVENUE SHARE BASED ON AAGR:

Revenue Share	2021	Budget 2020	Actual 2019	Actual 2018	Actual 2017	AAGR 2021	2020	2019	2018
MNTC	97,634,035	82,680,433	66,032,089	64,688,415	50,948,430	18%	25%	2%	27%
CMMTC	36,575,156	35,193,308	33,190,798	32,649,273	31,367,167	4%	6%	2%	4%
SLTC	25,165,560	22,861,004	18,691,700	18,533,244	17,307,595	10%	22%	1%	7%
Total	159,374,751	140,734,745	117,914,587	115,870,932	99,623,192				

Dividend Share	2021	Budget 2020	Actual 2019	Actual 2018	Actual 2017	AAGR 2021	2020	2019	2018
CMMTC^	40,439,947	44,185,294	46,286,510	55,187,000	57,946,350	-8%	-5%	-16%	-5%
ASDI ^^	387,419	382,327	329,592	383,010	808,866	-17%	16%	-14%	-53%
Total	40,827,366	44,567,621	46,616,102	55,570,010	58,755,216				

^ CMMTC Dividend share is computed based on Annual Average Growth Rate.

^^The 2021 budgeted amount is computed based on 51% of 50% of the 2019 Net Income after tax amounting to P1,519,292.

2. Rental Income**

	2020 BUDGET	Annualized 2020	PROPOSED BUDGET 2021	Variance 2021 vs Annualized	%	Variance 2021 VS 2020	%
Pacific Concrete Products, Inc. (PCPI): *** Area of 10,543 sq.m.	25,993,418	17,328,945	25,871,644	42,672,883	246	34,008,410	131%
Area of 30,000 sq.m. Tokagawa Global Corp. (TGC)	7,261,896	4,841,264	7,261,896	2,420,632	50	0	0%
Total rental income	33,255,314	22,170,209	67,263,724	45,093,515	203	34,008,410	102%

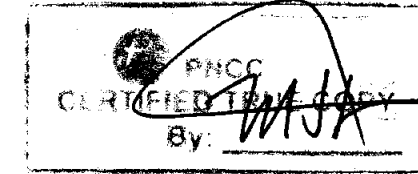
**The 2021 budgeted amounts are provided by the Realty Management based on the active lease contracts.

***The PNCC Board approved the amortization of PCPI's unpaid monthly rentals (April 2020 to August 2020) during the ECQ, MECQ & GCQ in six (6) equal monthly installments starting January 2021. This will be reflected in the Cash Flow under collection of receivable from Lessees as the rental income was already accrued/budgeted in the year 2020.

3. Interest Income****

	2020	Annualized	2021	Variance			
Interest earned on current accounts and placements in various bank accounts	18,860,713	24,087,173	20,548,804	(3,538,369)	(15)	1,688,091	9%
Total interest income	18,860,713	24,087,173	20,548,804	(3,538,369)	(15)	1,688,091	9%
Total Revenues	237,418,393	215,316,046	395,014,645	179,698,599	83	157,596,252	66%

****The 2021 budgeted amounts are based on the 2019 average interest rate of 1.60% multiplied by P1,284,300,235.94 for the past three (3) years.



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