Office of the President of the Philippines
GOVERNANCE COMMISSION
FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS
3/F, BDO Towers Paseo, 8741 Paseo De Roxas, Makati City, Philippines 1226

BAGONG PILIPINAS

12 NOVEMBER 2024

ATTY. MIGUEL E. UMALI
President and CEO
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION (PNCC)
Km. 15 East Service Road, Bicutan ParaÃ±aque City

ACKNOWLEDGEMENT RECEIPT

LETTER DATE: **11 NOVEMBER 2024**

RE: **[E] LETTER FROM PNCC TO GCG SUBMITTING THE 3RD QUARTERLY MONITORING REPORT FOR CY 2024 PERFORMANCE EVALUATION SYSTEM (PES)**

The said document was officially received by the Governance Commission on 12 November 2024 and has been forwarded to the responsible GCG Officer for appropriate action.

To follow-up for further action on the document, you may contact us through telephone numbers (02) 5328-2030 or (02) 5318-1000. Please cite the GCG Document Management System (DMS) Barcode Number: **0-1022-12-11-2024-028329.**

THIS RECEIPT IS COMPUTER GENERATED AND DOES NOT REQUIRE SIGNATURE.

Received by:

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Date and Time

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

11 November 2024
Ref. No. OP-MEU-062-2024L

ATTY. MARIUS P. CORPUS
Chairman
GOVERNANCE COMMISSION FOR GOCCs
3/F BDO Towers, Paseo, 8741 Paseo De Roxas,
Makati City, Philippines 1226

Subject: **3rd Quarterly Monitoring Report for CY 2024 *Performance Evaluation System (PES)***

Dear Chairman Corpus:

We submit herewith the 3rd Quarter Monitoring Report of Philippine National Construction Corporation pursuant to GCG M.C. No. 2017-025, to wit:

1. Performance Monitoring Report
2. Annex SM1 – Updates on FCA Property (Dampa and Hobbies of Asia)
3. Annex SM1a – Certifications issued to Business Locators in Dampa (FCA Property)
4. Annex SM1b – Narrative regarding the status of other PNCC properties for lease
5. Annex SM2 – Skyway Stage 3 Traffic Count
6. Annex SM3a – Timeline of Activities of PNCC CSM
7. Annex SM3b- General Profile of External and Internal Respondents of PNCC CSM
8. Annex SM4 – Timeline of Activities on ISO Certification for 2024
9. Annex SM5 – Progress Report of 3rd Party Provider of Accounting System
10. Annex SM6a – Narrative and Justification to Add Allowance for Impairment Losses
11. Annex SM6b – Update regarding the action taken regarding the Collection of Impaired Receivables from PMMA
12. Annex SM7 – Narrative as to why Revenue and EBITDA exceeded its target
13. Annex SM9 – Budget Utilization Report
14. Annes SM9a – Narrative as to why BUR is below target

We trust that you find the submitted report and supporting documents in order.

Very truly yours,

MIGUEL E. UMALI
President and CEO

PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

CUSTOMERS / STAKEHOLDERS	OBJECTIVE / MEASURES		FORMULA	WEIGHT	RATING SCALE	Target	3rd QUARTER ACCOMPLISHMENT
	SO 1 **SO 2**	**Contribute to Economic Growth and Development** **Maximize Stakeholder Value**					
	SM 1	Number of Signed Lease Agreements on PNCC Real Properties	Number of PNCC properties with signed lease effective as of year-end	10%	Actual / Target	Three (3)	113 Certifications were issued to business locators at FCA Seaside Dampa property. Certifications are being issued to business locators as an interim measure to temporarily allow them to operate their business in the FCA Seaside Dampa property and to directly remit its payment for the use and occupation of the property to PNCC until such time the BOD is able to determine the appropriate plan of action advantageous to the Company and the NG. (Contract of Lease could not be entered into with the locators in view of the pending TOR for the lease and development of the whole 10 hectares FCA property that is pending approval with the Office of the President of the Philippines). On September 10, 2024, PNCC was able to take possession over the portion of FCA property occupied by Ley Construction Development Corporation (LCDC) by virtue of Writ of Execution issued by the Pasay City court. Refer to Annex "SM1".
	SM 2	Annual Vehicle Traffic of Metro Manila Skyway Stage 3	Actual Annual Traffic Count	9%	Actual / Target	57 Million	Total traffic count as of September 30, 2024 : **43,896,319** The total traffic count for the 3rd quarter of 2024 translates to 77.01% of the target, higher by 2.01% target for the quarter which is 75% or 42.75M total traffic count. Refer to Annex "SM2"

		OBJECTIVE / MEASURES	FORMULA	WEIGHT	RATING SCALE	Target	3rd QUARTER ACCOMPLISHMENT
INTERNAL PROCESS	SM 3	Percentage of Satisfied Customers	Number OF respondents who gave at least a Satisfactory rating / Total number of respondents	10%	Actual / Target 0% = if less than 80%	90%	On-going conduct of CSM
			SUBTOTAL	***29%***			
	SO 3	**Improve Internal Systems and Procedures**					
	SM 4	ISO Certification	Actual Accomplishment	20%	All or Nothing	ISO 9001:2015 Certification	ISO Certificate was granted to PNCC on June 20, 2024 by SGS Philippines, Inc.
	SM 5	Computerization of Accounting System	Actual Percentage Completion of Rollout	10%	Actual / Target	100% Implementation and Rollout	45% Accomplishment Refer to Annex "SM5"
	SO 4	**Enhance Mobility of People and Commerce**					
			Sub – total	**30%**			
FINANCE	**SO 5**	**Reinforce Collection System**					
	SM 6	Percentage of Receivables Collected	Amount Collected + (Beginning Balance of Total Current Receivables based on COA-Audited FS **Less**: PMMA receivables and Due from National Government Agencies	5%		a. 80% of Current Receivables	Actual Collection 77,373,705 Current Receivables 444,930,793 The actual collection translates to 17.39% of the current receivables. As of 3rd quarter of 2024, target is 60%, collection should have been ₱266,958,475.80. The non-achievement of target is due to deferment of check payment by PCPI amounted to ₱152.293M.
			Amount Collected + (Beginning Balance of Total Non-current Receivables based on COA-Audited FS **Add**: PMMA receivables and Due from National Government Agencies	2%		b. 5% of Impaired Receivables	Actual Collection 0 Impaired Receivables 103,312,641 = 0%

		OBJECTIVE / MEASURES	FORMULA	WEIGHT	RATING SCALE	Target	3rd QUARTER ACCOMPLISHMENT
FINANCE	**SO 6**	**Improved Equity and Debt Management Service Strategies**					
	SM 7	Revenues	Service Income + Lease Income + Share in JVAs + Dividend Income + Interest Income	10%	Actual / Target	₱699.51 Million	Rent/Lease Income 202,417,756 Dividend Income 47,613,299 Interest Income 97,068,963 Share in Profit / Revenue of JV 289,825,340 **636,925,358** The total revenue for the 3rd quarter of 2024 translates to **91.05%** of annual target. This is 16.05% higher than the 3rd quarter target which is equivalent to 75% or ₱524.633M.
	SM 8	EBITDA	Income/Loss Before Tax (COA Line Item) Less Gains + Interest Expense + Depreciation + Amortization	14%	Actual / Target	₱343.69 Million	Net Income/Loss 303,188,323 Add: Interest expense 192,971,600 Taxes 52,853,354 Depreciation 2,562,906 Amortization **551,558,183** EBITDA / Approved Net Income **551,558,183** The achievement of target is attributable to: 1) Increase in rental income – Dampa rental (estimated at ₱9M per month) 2) Increase in Dividend Income by 103.25% 3) Increase in Interest Income by 122.08% Refer to Annex "SM8"
	SM 9	Budget Utilization Rate (BUR)	Actual Disbursement / Schedules Disbursement (Total Approved COB Operating Expenses Net of PS Cost)	5%	Actual / Budget	90%	Actual Disbursement / Total Approved COB (Both Net of PS) = 66,456,088 / 93,985,462 = **70.71%** The computed BUR as of 3rd quarter of 2024 is above the target as it should have been 67.5%. Refer to Annex "SM9"

			Sub – total	**36%**			
LEARNING & GROWTH	**SO 7**	**Development of Manpower**					
	SM 10	Percentage of Employees Meeting Required Competencies	Actual Accomplishment	5%	All or Nothing	Improvement from the 2023 Baseline	Competency Assessment will be conducted in December 2024.
			Sub – total	**5%**			
			TOTAL	**100%**			