



**PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION**

25 April 2019

Ref.No.: OP-MEU-2019-023L

MR. SAMUEL G. DAGPIN, JR.

Chairman

MR. MICHAEL P. CLORIBEL

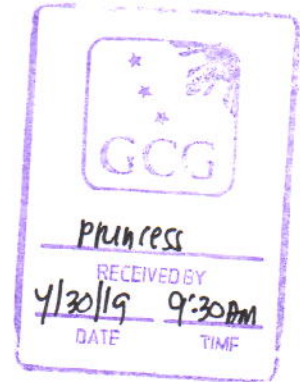
Commissioner

MS. MARITES C. DORAL

Commissioner

GOVERNANCE COMMISSION FOR GOCCs

3rd Floor Citibank Center, 8741 Paseo De Roxas,
Makati City, Philippines



Subject: PERFORMANCE EVALUATION SYSTEM (PES) FOR CY 2019

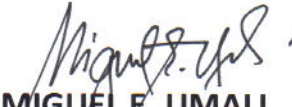
Gentlemen:

In compliance with your letter dated February 6, 2019 regarding the above-stated subject, we transmit herewith the Performance Evaluation System (PES) Monitoring Report for the first quarter of the Calendar Year 2019.

We trust that you will find the foregoing submission to be in order.

Thank you for your kind consideration.

Very truly yours,


MIGUEL E. UMALI
President and CEO



PHILIPPINE NATIONAL CONSTRUCTION CORPORATION

	OBJECTIVE / MEASURES	FORMULA	WEIGHT	RATING SCALE	2019		
					Target	1 ST QUARTER ACCOMPLISHMENT	
CUSTOMERS / STAKEHOLDERS	SO 1 Maximize Stakeholder Value						
	<i>Construction and Development of Real Properties</i>						
	SM1	Porac	Actual Accomplishment	4%	All or Nothing	Signed Lease Contract for Porac Property	Signed Lease Contract with Tokogawa Global Corp. for Porac Property dated 30 January 2019 (Annex A)
		FCA		4%		Signed Lease Contract for the 3 Areas in FCA Property	Signed Lease Contract with Ley Construction & Development for FCA Parking area dated May 8, 2018 (Annex B)
		Bicutan		4%		Disposition of Bicutan Property	No update yet
	SM2	Percentage of Satisfied Customers		8%	Actual / Target x Weight 0% = If less than 80%	90%	No survey conducted yet
SUBTOTAL			20%				
INTERNAL PROCESS	SO 2 Establish Sound Legal and Ethical Internal Investment Framework						
	SM 3	Expansion of Presidential Decree (P.D.) 1894	Actual Accomplishment	5%	All or Nothing	Filing of Bill for the Amendment of P.D. 1894	No update yet
	SO 3 Improve Internal Systems and Procedures						
	SM 4	ISO Certification	Actual Accomplishment	6%	All or Nothing	ISO Certification 9001:2015	<ul style="list-style-type: none"> • Creation of ISO Core Team (Annex C-1) • ISO 9001:2015 Interpretation and Application Training of Employees (Annex C-2) • Formulation of Quality Policy (Annex C-3) • Business Process Mapping (Annex C-4)
	SO 4 Enhance Mobility of People and Commerce						
<i>Construction and Development of Expressway</i>							
SM 5	a. Pasig River Expressway Project (PAREX)	Actual Accomplishment	5%	All or Nothing	Memorandum of Agreement on PAREX Submitted to the NEDA and GCG for Approval	<ul style="list-style-type: none"> • Signed Memorandum of Understanding with Philippine Skylanders International, Inc. (PSI) for PAREX Project dated March 15, 2017 (Annex D-1) • Certification on Extension of MOU with PSI dated May 10, 2018 (Annex D-2) 	

	OBJECTIVE / MEASURES	FORMULA	WEIGHT	RATING SCALE	2019	
					Target	1 ST QUARTER ACCOMPLISHMENT
INTERNAL PROCESS	SM 5 b. Lucena-Matnog Expressway / SLEX TR5	Actual Accomplishment	5%	All or Nothing	Approval of Joint Investment Proposal	<ul style="list-style-type: none"> Signed Memorandum of Understanding with San Miguel Holdings Corp. (SMHC) for Lucena-Matnog Expressway dated April 26, 2017 (Annex E-1) Extension of MOU with SMHC dated April 26, 2018 (Annex E-2) SMHC submitted its Project Proposal to TRB on May 10, 2018 (Annex E-3) Finalized Business and Joint Venture Agreement (BJVA) between PNCC and SMHC on June 26, 2018 (Annex E-4) Submitted BJVA to OGCC for review on June 28, 2018 (Annex E-5) PNCC sought the approval of the Assignment of Usufruct over TR5 project with the Office of the President of the Philippines on July 11, 2018 (Annex E-6) On August 31, 2018, OGCC suggested that the draft BJVA between PNCC and SMHC be forwarded to NEDA for its perusal (Annex E-7) SMHC submitted the Joint Investment Proposal (JIP) to TRB on October 15, 2018 (Annex E-8) October 31, 2018, the President of the Philippines approved the assignment of PNCC's usufructuary rights over the TR5 project in favor of the JVC to be formed by PNCC and SMHC (Annex E-9) On January 28, 2019, TRB informed PNCC that they await the DPWH recommendation/ report on the SMC unsolicited proposal before they can act on the PNCC-SMHC JIP on November 8, 2018 (Annex E10)
	c. Bulacan-Tuguegarao Expressway (BUTEX)	Actual Accomplishment	5%	All or Nothing	Signed Memorandum of Agreement (MOA) on BUTEX	Signed Memorandum of Understanding with China First Highway Engineering Company Limited (Intl.) on October 16, 2018 (Annex F)

	OBJECTIVE / MEASURES	FORMULA	WEIGHT	RATING SCALE	2019		
					Target	1 ST QUARTER ACCOMPLISHMENT	
INTERNAL PROCESS	<i>Increased Annual Daily Traffic</i>						
	SM 6	a. Buendia-Plaza Dilao	Actual Accomplishment	a. i. 1% ii. 1% iii. 1% iv. 1% b. 5%	All or Nothing	Completion of Segmental Works: i. San Juan River ii. Section 3 iii. Section 4 iv. Balintawak	See Annex G – Gantt Chart of Skyway Stage 3 Project provided by SMHC
		b. FTI-Bicutan	Actual Accomplishment	5%	All or Nothing	5% of Segment 1 Completed	No update yet
		Sub – total		40%			
FINANCE	SO 5	Reinforce Collection System					
	SM 7	Percentage of Receivables Collected	Actual Accomplishment	5%	(Actual / Target) x Weight	Collection of at Least 10% of Judgement / Monetary Award	Collected P100,058,945.34 from Manila International Airport Authority (MIAA) on March 20, 2019 (Annex H-1 and H-2). Collection corresponds to 100% of Judgement Award based on COA Decision dated June 14, 2016 (Annex H-3).
	SO 6	Improved Equity and Debt Management Service Strategies					
	SM 8	Revenues	Service Income + Rental Lease Income + Share in JVAs + Dividend Income + Interest Income	10%	(Actual / Target) x Weight	8% Increase from 2018 Revenues	Data not yet available due to on-going COA audit of 2018 Financial Statements
	SM 9	Lease Income	Actual Amount	5%	(Actual / Target) x Weight	13% increase from 2018 Lease Income	Data not yet available due to on-going COA audit of 2018 Financial Statements
	SM 10	Earnings before Interest, Tax, Depreciation, and Amortization (EBITDA)	Net Income (before Other Comprehensive Income/Loss, Gains and other Non-Operating Income) + Depreciation + Income Taxes + Interest Expense	10%	(Actual / Target) x Weight	Positive EBITDA	Data not yet available due to on-going COA audit of 2018 Financial Statements

	SM 11	Conversion of Debt-to-Equity	Actual Accomplishment	3%	All or Nothing	Negotiation of Terms of Debt Payment with PMO	No update yet
	OBJECTIVE / MEASURES		FORMULA	WEIGHT	RATING SCALE	2019	
						Target	1ST QUARTER ACCOMPLISHMENT
			Sub – total	33%			
LEARNING & GROWTH	SO 7	Development of Manpower					
	SM 12	Percentage of Employees Meeting Required Competencies	Actual Accomplishment	7%	All or Nothing	Board-approved Competency Framework	No update yet
			Sub – total	7%			
			TOTAL	100%			