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9B19N021

SHAKEY’S INITIAL PUBLIC OFFERING: The DILEMMA OF INVESTING[[1]](#endnote-1)

Maria Theresa Mañalac, Stefanie Mae Margaret Jakosalem, and Sandeep Puri wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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It was barely a week into December 2016 when Angelica “Gel” Enriquez first thought of investing in the initial public offering (IPO) of Shakey’s Pizza Asia Ventures Inc. (Shakey’s). Enriquez was a new member of the Philippine Fund of the finance lab at the Asian Institute of Management (AIM), where she was pursuing her MBA. Part of Enriquez’s task as an analyst was to evaluate potentially worthy equity investments in the industrial sector.

Shakey’s had become the market leader in the full-service chain restaurants industry in the Philippines and was the fourth company to be listed on the Philippine Stock Exchange Inc. (PSE). The IPO offer period was from December 2 to December 8, 2016, and Shakey’s was scheduled to be listed on the PSE on December 15. The company’s offer was 306 million shares at ₱11.26[[2]](#endnote-2) per share.[[3]](#endnote-3)

The finance lab had one prerequisite for each investment: Enriquez would have to provide detailed reasons and intrinsic valuation to her teammates and faculty mentors on whether to buy the shares. Enriquez wanted to make sure that her final recommendation provided sufficient analysis about the company and was in line with the investment philosophy of the finance lab.

SHAKEY’S PIZZA ASIA VENTURES INC.

Shakey’s was incorporated in the Philippines in 1974 as International Family Food Services Inc. (IFFSI) as part of the original Californian establishment’s expansion strategy. The first Shakey’s Pizza Parlor, set up in 1954 by Sherwood “Shakey” Johnson and Ed Plummer as “Ye Public House,” was a remodelled grocery store in Sacramento, California, that served only pizza and beer and featured ragtime music with banjos and piano players.[[4]](#endnote-4)

By 1974, Shakey’s had expanded to Japan and the Philippines. Initially, ownership of Shakey’s Philippines (under the corporate name of IFFSI) belonged to the San Miguel Corporation, the largest food conglomerate in the Philippines. Its main intent was to promote its San Miguel draft beer.[[5]](#endnote-5)

The first Shakey’s outlet in the Philippines opened in the central business district of Makati City in 1975. Rapid expansion followed, and soon there were outlets across Metro Manila with most restaurants offering live music. However, in 1987, San Miguel sold IFFSI to the Prieto family–owned Antelope Enterprises Inc. The Prieto family was the master franchisor of the Shakey’s brand and sub-franchised stores in the Philippines. By 1997, the Shakey’s brand became a fast-food franchise. In 1999, the Golden Gourmet Ltd. (GGL), an entity under the Prieto family, purchased the Shakey’s trademark and acquired perpetual rights over the brand in the Philippines, so they did not have to pay royalties or fees to use the Shakey’s brand.[[6]](#endnote-6)

In 2003, IFFSI re-engineered Shakey’s Philippines from a fast-food franchise to a family-oriented, full-service casual dining brand. As part of the company’s vertical integration strategy, the Prieto family established Bakemasters Inc. (BMI) in 2005 to supply baked goods and ingredients to the Shakey’s restaurants. This allowed the family to have larger and more direct control over the supply chain. The Prieto family then acquired Shakey’s International Limited (SIL) in 2014, which held Shakey’s trademarks in perpetuity in the Middle East, parts of Asia (excluding Japan and Malaysia), Australia, and New Zealand.[[7]](#endnote-7)

By 2015, Shakey’s had outperformed other large brands in the Philippines, with dominating market shares of 26.7 per cent by value in the full-service chain restaurants category and 57.7 per cent by value in the full-service pizza chain category.[[8]](#endnote-8) As of 2016, Shakey’s was the largest pizza brand in the country and was ranked number one in the traditional full-service pizza chain and family-style casual dining categories.[[9]](#endnote-9) It had 177 restaurants spread across the nation, 71 of which were franchised stores. Shakey’s primarily served the middle-income class that preferred full-dining restaurants over fast-food establishments.[[10]](#endnote-10) The company saw potential and opportunities for growth in the upper middle class, given this segment’s increasing disposable income.[[11]](#endnote-11)

Acquisition of Shakey’s by Century Pacific Group Inc.

Shakey’s was in the headlines following its acquisition in March 2016 by Century Pacific Group Inc. (CPGI) and GIC (Ventures) Pte. Ltd. (GIC). CPGI, the holding firm under the Po family, was the parent company of the country’s leading canned-food producer, Century Pacific Food Inc., with a portfolio of popular brands such as Century Tuna, Argentina Corned Beef, and 555 Sardines. The holding firm was also the exclusive local franchisor for Yoshinoya, a Japanese fast-food chain launched in the Philippines in 2001.[[12]](#endnote-12) GIC, on the other hand, was a leading global investment firm in Singapore with more than US$100 billion of assets in over 40 countries.[[13]](#endnote-13) The firm was established to preserve and enhance the financial future of Singapore by managing the city-state’s foreign reserves.[[14]](#endnote-14) The deal structure enabled CPGI and Arran Investment Pte. Ltd. (Arran), a company wholly owned by GIC, to acquire control over the Shakey’s Group from the Prieto family through a leveraged buyout (LBO) by establishing a special-purpose vehicle—Shakey’s Asia Food Holdings Inc. (SAFHI).[[15]](#endnote-15)

The investment allowed CPGI to expand its footprint across the local fast-food industry on the strength of the growing spending power of the Filipino middle class. The CPGI president, Christopher T. Po, considered investment in the iconic Shakey’s brand as an opportunity to capitalize on the continued growth of the Philippine middle class. He was confident of the brand’s strong management team and its robust, four-decade-old operational track record in the Philippines.[[16]](#endnote-16)

Shakey’s Leveraged Buyout

In March 2016, SAFHI owned all Shakey’s pizza businesses (see Exhibit 1), including the pizza restaurants (under Shakey’s and DBE Project Inc.), the commissary (under BMI), and trademarks for use in the Philippines and abroad (under GGL and SIL). CPGI and Arran had controlling interest of SAFHI with 55.8 per cent and 37.2 per cent, respectively; the Prieto family owned the remaining minority share of 7 per cent.[[17]](#endnote-17)

In June 2016, Shakey’s entered into a loan agreement as borrower with BDO Unibank Inc. (BDO). The loan was to refinance the bridge loan of SAFHI (Shakey’s parent company), which was used to acquire Shakey’s shares from the Prieto family in March 2016. The BDO loan of ₱5 billion was payable within 10 years starting June 2016. Payments were expected to be made in 18 consecutive semi-annual instalments of ₱25 million plus a final payment of ₱4.55 billion. Interest was either the five-year PDST-R2[[18]](#endnote-18) plus a spread of 0.75 per cent, or a floor rate of 4.5 per cent, whichever was higher. SAFHI pledged as collateral all of the Shakey’s shares that it owned.[[19]](#endnote-19)

In October 2016, SAFHI entered into several agreements with Shakey’s and its shareholders to implement a corporate reorganization, which made CPGI, Arran, and the Prieto family the direct owners of Shakey’s in the same percentage and proportion as their original ownership in SAFHI. Shakey’s also became the direct owner of the restaurants (Shakey’s and DBE Project Inc.), commissary (BMI), and trademarks (GGL and SIL). Shakey’s also became the direct owner of a newly formed company, Shakey’s Seacrest Inc. (SSI), intended to hold intellectual property that Shakey’s planned to acquire going forward.[[20]](#endnote-20) The 2016 reorganization made Shakey’s the holder of the debt, equity, and assets of all its pizza businesses (see Exhibit 2).

CONSUMER FOOD SERVICE INDUSTRY

In the Philippines, the consumer food service industry included fast food; full-service restaurants, cafés, or bars; street stalls or kiosks; self-service cafeterias; and home delivery or takeout. A Euromonitor study showed that the industry had grown from ₱394 billion in 2011 to ₱536 billion in 2016 with a compound annual growth rate (CAGR) of 6.37 per cent. The pace of growth was expected to slow down to 4.14 per cent from 2017 to 2021.[[21]](#endnote-21)

By the third quarter of 2016, the Philippines was the fastest-growing economy among its Asian neighbours with 7.1 per cent growth in gross domestic product (GDP). The Philippines posted higher growth than China’s 6.7 per cent, Vietnam’s 6.4 per cent, Indonesia’s 5 per cent, and Malaysia’s 4.3 per cent.[[22]](#endnote-22) The continual growth of the Philippine economy increased consumer income and encouraged lifestyle changes that fuelled consumption and spending. The middle class, specifically, seemed more willing to spend on higher quality and filling meals and on new food and dining experiences. This increased consumer spending became a growth driver for consumer food service operators.[[23]](#endnote-23)

Euromonitor reported that chain operators had 21,364 outlets in 2016,[[24]](#endnote-24) whereas independent operators had 63,140.[[25]](#endnote-25) The projections suggested that chained outlets were likely to grow faster into 2020 at 5.1 per cent compared to the 0.1 per cent growth rate of independent operators. Under chained operators, fast food continued to lead the market share with ₱166 billion out of ₱243 billion in value;[[26]](#endnote-26) however, chained full-service restaurants,[[27]](#endnote-27) with only ₱30 billion in value, were expected to show a compounded growth rate of 13.5 per cent through to 2020. With a value of ₱14.1 billion, or 46 per cent of the total market, pizza, under full-service chain restaurants, had the largest market share against all other types in 2015 and was expected to increase to ₱32 billion by 2020 with a CAGR of 17.8 per cent (see Exhibit 3).[[28]](#endnote-28)

MAJOR PLAYERS IN THE INDUSTRY

Relatively low barriers to entry and numerous options made the consumer food service and restaurant industry intensely competitive. The attractiveness of the industry, as well as the strong performance of the Philippine economy, had spurred many new players and encouraged existing ones to expand aggressively.[[29]](#endnote-29)

In 2015, the Shakey’s brand dominated the full-service chain restaurants category in the Philippines with a market share of 27.4 per cent, followed by Pizza Hut at 13.8 per cent and Max’s Restaurant at 12.1 per cent. In the pizza chain category, Shakey’s was also the leader, with 27.2 per cent of the market share—trumping Greenwich Pizza at 24.3 per cent and Pizza Hut at 23.0 per cent. In the full-service pizza chain category, too, Shakey’s led the market share with 57.7 per cent, followed by Pizza Hut at 34.6 per cent and California Pizza Kitchen at 2.7 per cent.[[30]](#endnote-30)

Compared to its major competitors, Shakey’s was the only full-service chain restaurant in the country with a wide geographical reach, with over 170 outlets across the country. Other players were mostly concentrated in Metro Manila or other major cities, which allowed Shakey’s to expand its customer base faster in other less populated and less competitive parts of the country.[[31]](#endnote-31)

In the local landscape, value-oriented family-dining experiences were becoming more popular. Because of this, market players, including Shakey’s, Pizza Hut, and Max’s Restaurant, had started to offer value and family meals to attract price-conscious customers. Shakey’s attracted families and groups with affordable meal bundles (“Family Meal Deals”) and party-size portions ideal for sharing, a welcoming environment, store ambience, and location. These deals were great value additions to the Shakey’s brand identity.[[32]](#endnote-32)

The enormous growth possibilities of the industry also attracted international players to the Philippines, such as Din Tai Fung Co. Ltd. from Taiwan, Ichibanya Co. Ltd. from Japan, and Applebee’s Restaurants Inc. from the United States, thus intensifying the competition.[[33]](#endnote-33)

EMERGING RISKS IN THE CONSUMER FOOD SERVICE INDUSTRY

The strong performance of the Philippine economy and the growing consumer food service industry led to heightened competition, with operators competing both within and outside their categories. Full-service restaurants also competed with fast-food services, cafes and coffee shops, and street stalls and kiosks to capture more consumer segments.[[34]](#endnote-34)

While fast-food services were expected to grow at a rate of 10 per cent from 2015 onward, the rising trend of health consciousness drove consumers to lean toward healthier or natural and organic food products. A Euromonitor study suggested that health-aware consumers were now seeking healthy dining options. The demand for healthier menus was expected to intensify with rising health awareness among consumers.[[35]](#endnote-35)

The home delivery and takeout category’s expected growth rate of 16.5 per cent through to 2020—the fastest growth rate in the chain consumer food service industry—was a threat to all other segments. Although some third-party online ordering and delivery services (e.g., Foodpanda and Quick Delivery) had partnered with full-service restaurants, this segment was likely to hamper foot traffic in malls and restaurants and affect the overall full-service category.[[36]](#endnote-36)

SHAKEY’S GROWTH STRATEGIES

The new owners of Shakey’s were determined to push hard for growth through implementation of the following strategic plans in the short, medium, and long terms:[[37]](#endnote-37)

* Grow Shakey’s store base and position as a full-service family restaurant in existing and new markets through company-owned stores and an established franchise system.

In 2016, the company had 177 restaurants. The company planned to focus the growth of its large-format stores in both Metro Manila and provincial areas by opening 20 more stores by 2017. Shakey’s intended to increase its presence outside Manila through franchise holders.[[38]](#endnote-38) In the global setting, the company had long-term plans to expand overseas using its rights to the Shakey’s trademarks.[[39]](#endnote-39) In 2016, the company announced an agreement with a Middle Eastern partner to open 10 stores in Kuwait in a span of seven years, with the first store opening within the first half of 2017.[[40]](#endnote-40)

* Increase same-store sales growth.

Shakey’s intended to attract new guests and convert first-time guests into repeat and loyal customers by improving overall guest experience to increase same-store sales. At the same time, Shakey’s planned to develop and expand the reach of its delivery and online sales channels by investing in advertising and marketing initiatives. The company also wanted to build on its Shakey’s SuperCard loyalty program.[[41]](#endnote-41)

* Grow commissary business.

The company’s commissary business supplied doughs, cheeses, and sauces to its system-wide stores as well as other baked goods, sauces, and other finished foods to third parties, including airlines, hotels, and other restaurant chains. In June 2016, Shakey’s supply needs accounted for approximately 80 per cent of the commissary’s production capacity.[[42]](#endnote-42) From 2013 to 2015, purchases of raw materials, goods, and rental storage by Shakey’s from the commissary grew by 1,245 per cent, resulting in the expansion of commissary business operations. Shakey’s planned to move the operations of this business to a larger plant by the first quarter of 2017 to increase production capacity and take advantage of opportunities to increase sales to third parties.[[43]](#endnote-43)

* Support operational improvement of system-wide stores to create efficiencies and increase profitability.

The company believed that operational proficiency would lead to increased customer satisfaction and store-level profitability. Shakey’s planned to continue to design information technology (IT) programs to monitor operational performance and enhance the delivery system. In 2016, Shakey’s introduced a new purchase-and-finance system across all stores for faster retrieval of financial information and to generate proper projections for the company’s forecasting needs. The company also planned to leverage the capacity of its affiliates, including CPGI, to help reduce operational costs.[[44]](#endnote-44)

* Continue to develop organizational capabilities.

The company planned to improve its back-office systems, including resource planning, payroll systems, and IT infrastructure systems. The company intended to create leadership and succession plans to cover all aspects of its operations as well as continue to provide skill development training and seminars to retain qualified and competent employees.[[45]](#endnote-45) Shakey’s retained top management through the LBO[[46]](#endnote-46) and was planning to do the same after the IPO period, keeping the same executives in the positions of president and chief executive operator, general manager, chief information officer, chief human resources officer, and comptroller and principal accounting officer.[[47]](#endnote-47)

Shakey’s INITIAL PUBLIC offering

The successful acquisition of Shakey’s by the Po family in March 2016 prompted rumours about an IPO because CPGI had a track record of undergoing IPOs with its existing businesses. Consistent with prior practice, just several months after the acquisition, Shakey’s vice-chair, Ricardo Po, announced that the company was ready for a market debut.[[48]](#endnote-48)

The initial plan, as disclosed by Ricardo Po, was to wait two years before going public. However, within its first month in the company, the Po family, impressed by the management team’s understanding of the business, proceeded with an IPO earlier than planned.[[49]](#endnote-49) This was backed by the continual growth of the company’s net profit in the previous three years, posting ₱367.2 million in 2013, ₱429.2 million in 2014, and ₱479.6 million in 2015.[[50]](#endnote-50)

Shakey’s would become the fourth company to be listed on the PSE for 2016. The IPO would allow Shakey’s to raise a total of ₱3,167.2 million, net of fees, from 306 million common shares at ₱11.26 per share. Of the 306 million common shares, 104 million were primary shares and the remaining 202 million were secondary shares offered for sale by Arran,[[51]](#endnote-51) pursuant to a secondary offer. In addition to the secondary shares, Arran also had the option to sell an additional 45.9 million common shares (also called an overallotment option) if supported by market demand (see Exhibit 4). A total of 1,531,321,053 shares would be outstanding after the listing.[[52]](#endnote-52)

Total proceeds from the sale of primary shares were expected to be equivalent to ₱1,077.3 million after deducting applicable underwriting fees and other expenses. The company planned to use the proceeds from the primary shares for partial debt repayment of ₱940.3 million to BDO for Shakey’s 10-year ₱5,000 million loan acquired in June 2016 to finance Shakey’s acquisition from the Prieto family (see Exhibit 5). Shakey’s also expected to use IPO proceeds to fund capital expenditures of ₱137 million for the expansion of the company’s in-house commissary and new corporate headquarters in Parañaque City. Proceeds of the secondary shares amounting to ₱2,089.9 million, net of all applicable fees, were to be given directly to the selling shareholder, Arran. The overallotment proceeds were also to go to Arran as selling shareholder (see Exhibit 6).[[53]](#endnote-53)

Asian Institute of Management PHILIPPINE FUND OF THE FINANCE LAB

The Philippine Fund was a student-managed investment fund in the finance lab for MBA students at the AIM. It was primarily an equity fund set up as a learning laboratory designed to encourage and stimulate students’ intellectual understanding of the Philippine stock market. It was an avenue for finance lab students to hone their skills in portfolio management and stock valuation. The objective of the finance lab was to achieve a medium- to long-term rate of return in excess of the market benchmark—the PSE Composite Index (PSEi).

The PSEi was a fixed basket of 30 common stocks carefully selected to represent the general movement of the Philippine stock market.[[54]](#endnote-54) Out of over 260 stocks listed on the PSE, the PSEi constituents had the largest market capitalization, subject to a minimum free-float market capitalization of 12 per cent, as well as consistently high daily trading activity. The market capitalization of PSEi constituents ranged from ₱70 billion to ₱765 billion.[[55]](#endnote-55)

The goal of the finance lab was to select mid- and large-cap stocks with attractive fundamentals and relatively low valuations. The investment process used a top-down approach wherein macroeconomic factors were first considered to determine if it was favourable to invest in the country’s equity markets. The future industry and sector prospects were then considered to determine which were likely to perform well. All companies in attractive industries and sectors were then analyzed. To identify top stock performers, all companies were subjected to quantitative financial ratio screens such as market capitalization, daily trading statistics, and three-year historical trends in revenue, margin, and cash flow growth. For companies that passed the screening process, students had to acquire faculty mentor approval to buy and back their selection with an assessment of strategic direction, competitive position, and future company prospects, as well as a detailed intrinsic valuation.

Each of the five members in the finance lab were assigned a sector to monitor (see Exhibit 7). Enriquez volunteered for the industrial sector, given the strong growth potential of the industry due to the administration’s drive to increase infrastructure spending in the country. In 2016, the industrial sector[[56]](#endnote-56) of the fund held stocks in construction, infrastructure, electricity, energy, power, and water businesses. The finance lab did not yet have any investments in the food and beverage subsector of the industrial sector. The lab was already overweight in the industrial sector relative to the PSEi, but it planned on further investment in the sector of up to 25 per cent of the current portfolio.

VALUING SHAKEY’S

Enriquez had to run an estimate of Shakey’s intrinsic value to determine if the offer price was attractive. She knew that she had to estimate Shakey’s value using the discounted cash flow and comparable firm multiples methods. She checked Shakey’s income statements and balance sheets (see Exhibit 8 and 9). Using the actual financial statements for the first half of 2016, Enriquez proceeded to create her own forecast for Shakey’s full-year 2016E[[57]](#endnote-57) income statement and balance sheet. She noted that net sales grew by 13.31 per cent from June 2015 to June 2016 and thought this was an encouraging sign. Her balance sheet estimated for the end of 2016 reflected post-IPO proceeds.

To project the performance of the business from 2017 onward, Enriquez had access to various forecast growth rates for full-service and pizza chain restaurants. She wondered what the most appropriate growth rate would be for Shakey’s given the company’s prior sales growth. She estimated a corporate income tax rate of 30 per cent. She decided that all required expenses were a percentage to gross sales consistent with 2015 estimates, except for depreciation and amortization expenses, which were estimated to be 3 per cent of gross sales, and general and administrative expenses, which were estimated to be 10 per cent of gross sales.

To determine the changes in net working capital, Enriquez opted to use the normal practice of determining the cash conversion cycle in 2015 and kept this constant for the following years. Without explicit company forecasts for capital expenditures, Enriquez decided to assume that capital expenditures equalled depreciation. Operating cash was expected to be 4 per cent of the expected gross sales per year. For the terminal growth rate, Enriquez wondered if she should use a GDP growth rate of 7.1 per cent, the inflation of 2 per cent in the third quarter of 2016, or some other economic indicator.

To determine the weighted average cost of capital, Enriquez was able to determine the current government bond yields (see Exhibit 10) and the market risk premium, which was at 7.94 per cent in 2016.[[58]](#endnote-58) For the valuation multiples method, Enriquez gathered some of the companies comparable to Shakey’s and thought she might use the multiples of price to earnings; total enterprise value to earnings before interest, taxes, depreciation, and amortization; and total enterprise value to earnings before interest and taxes (see Exhibit 11).

THE DILEMMA

If vetted by Enriquez and her faculty mentors, Shakey’s would be the first and only newly listed stock held by the finance lab and would serve as the lab’s entry into the food and beverage subsectors. As a newly listed stock, Shakey’s would not be part of the PSEi and would represent an off-benchmark bet. The lab allowed up to 20 per cent of its portfolio to be placed in non-index stocks, but Shakey’s would also be the first off-index investment.

Enriquez took a second look at her computations before making the final recommendations. She was unsure whether to use all available cash in the finance lab to invest in Shakey’s or whether to invest any at all. The finance lab’s stockbroker and mentors had indicated that the lab had a good chance of being allocated shares in Shakey’s IPO. Enriquez should be able to explain her reasons for her investment decision and the Shakey’s intrinsic valuation to her team. Were the new owners of Shakey’s capable of leading the continual growth of the company? Would the use of the IPO proceeds strengthen the future cash flows and competitive position of Shakey’s? Were there other considerations for IPO investments? Would Shakey’s be able to manage its higher debt load from the LBO? Enriquez needed to decide soon and make her move.

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EXHIBIT 1: OWNERSHIP STRUCTURE OF Shakey’s Pizza Asia Ventures Inc. (MARCH 2016)

Arran Investment

Pte. Ltd.

Century Pacific

Group Inc.

Prieto family

Shakey’s Asia Food

Holdings Inc.

Bakemasters

Inc.

Golden

Gourmet Ltd.

Shakey’s

International

Limited

Shakey’s

Pizza Asia

Ventures Inc.

DBE Project

Inc.

37.2%

55.8%

7.0%

100%

100%

100%

100%

100%

Source: Shakey’s Pizza Asia Ventures Inc., *Prospectus*, November 26, 2016, accessed April 24, 2017, https://spavi-noo-prod.s3.ap-southeast-1.amazonaws.com/s3fs-public/prospectus/2018-07/PIZZA%20Prospectus.PDF.

EXHIBIT 2: OWNERSHIP STRUCTURE OF SHAKEY’S PIZZA ASIA VENTURES INC.

(OCTOBER 2016)

Arran Investment

Pte. Ltd.

Century Pacific

Group Inc.

Prieto Family

Shakey’s Pizza Asia

Ventures Inc.

Bakemasters

Inc.

Golden

Gourmet Ltd.

Shakey’s

International

Limited

Shakey’s

Seacrest Inc.

DBE Project

Inc.

37.2%

55.8%

7.0%

100%

100%

100%

100%

100%

Source: Shakey’s Pizza Asia Ventures Inc., *Prospectus*, November 26, 2016, accessed April 24, 2017, https://spavi-noo-prod.s3.ap-southeast-1.amazonaws.com/s3fs-public/prospectus/2018-07/PIZZA%20Prospectus.PDF.

EXHIBIT 3: MARKET SIZE and GROWTH RATE OF FULL-SERVICE chain RESTAURANTS

(₱ Billion)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2011** | **2015** | **2020F** | **CAGR,**  **2011–2015 (%)** | **CAGR,**  **2015–2020F (%)** |
| Asian | 4.1 | 5.3 | 8.6 | 7.20 | 9.80 |
| European | 1.5 | 1.8 | 2.3 | 5.20 | 5.00 |
| North American | 3.1 | 4.5 | 6.7 | 9.70 | 8.00 |
| Pizza | 6.2 | 14.1 | 32.0 | 22.90 | 17.80 |
| Others | 3.0 | 4.6 | 7.6 | 11.70 | 10.60 |
| **Total** | **17.8** | **30.4** | **57.2** | **14.30** | **13.50** |

Note: F = forecast; CAGR = compound annual growth rate.

Source: Shakey’s Pizza Asia Ventures Inc., *Prospectus*, November 26, 2016, accessed April 24, 2017, https://spavi-noo-prod.s3.ap-southeast-1.amazonaws.com/s3fs-public/prospectus/2018-07/PIZZA%20Prospectus.PDF.

EXHIBIT 4: INITIAL PUBLIC OFFERING TERM SHEET, Shakey’s Pizza Asia Ventures Inc.

|  |  |
| --- | --- |
| **SUMMARY OF THE OFFER** | |
| **Issuer** | Shakey’s Pizza Asia Ventures Inc. |
| **Selling Shareholder** | Arran Investment Pte. Ltd. |
| **Ticker** | PIZZA |
| **Stock Exchange** | Philippine Stock Exchange (PSE) |
| **Offer** | 306,000,000 firm shares consisting of   * 104,000,000 primary, * 202,000,000 secondary shares, and * an additional offer of up to 45,900,000 optional shares by the selling shareholder pursuant to the overallotment option. |
| **Offer Price** | ₱11.26 per share |
| **Overallotment Options** | The selling shareholder has granted an overallotment option to purchase up to 45,900,000 optional shares at the offer price, on the same terms and conditions as the firm shares, solely to cover overallotments and effect price stabilization transactions. |
| **Use of Proceeds** | Net proceeds are intended to be used primarily for   1. debt repayment; and 2. capital expenditures in connection with the expansion of the company’s in-house commissary and new corporate headquarters. |
| **Expected Timetable** | December 2–6, 2016: PSE trading participants’ commitment period  December 6, 2016: Submission of firm order and commitment by PSE trading participants  December 2 to 8, 2016: Local small investors and public offer period  December 13, 2016: Domestic offer settlement date  December 15, 2016: Listing date and commencement of trading on the PSE |

Note: PSE = Philippine Stock Exchange.

Source: Adapted by the authors from Shakey’s Pizza Asia Ventures Inc., *Prospectus*, November 26, 2016, accessed April 24, 2017, https://spavi-noo-prod.s3.ap-southeast-1.amazonaws.com/s3fs-public/prospectus/2018-07/PIZZA%20Prospectus.PDF.

EXHIBIT 5: PHILIPPINE DEALING SYSTEM TREASURY REFERENCE RATES (%)

|  |  |  |  |
| --- | --- | --- | --- |
| **Maturity** | **Rate** | **Maturity** | **Rate** |
| 1 month | 1.69 | 7 years | 5.11 |
| 6 months | 1.84 | 10 years | 4.53 |
| 1 year | 2.90 | 20 years | 5.61 |
| 5 years | 4.88 |  |  |

Note: The Philippine Dealing System is a regulated capital market infrastructure that provides trading, clearing, settlement, and post-settlement services across different asset classes in the Philippines. The Philippine Dealing System Treasury Reference Rates (PDST-R1 and PDST-R2) are interest rates, composed of benchmark securities and non-benchmark securities, to be used as reference rates for daily market valuation of Philippine Treasury instruments and other interest-rate-sensitive instruments.

Source: Philippine Dealing & Exchange Corp., *Philippine Treasury Reference Rates—PM (PDST-R2)*, accessed October 9, 2018, www.pds.com.ph/wp-content/uploads/2018/10/09-2018-PDST-R2-TABLE.pdf.

EXHIBIT 6: USE OF SHAKEY’S Initial Public Offering Proceeds

|  |  |  |
| --- | --- | --- |
| **Total Proceeds** | **Common Shares** | **Amount**  **(₱11.26 per share)** |
| Primary shares\* | 104,000,000 | 1,171,040,000.00 |
| Secondary shares | 202,000,000 | 2,274,520,000.00 |
| Total common shares | 306,000,000 | 3,445,560,000.00 |
| **Use of Proceeds** | **Amount (₱)** | **Weight (%)** |
| Debt repayment | 940,300,000.00 | 87.28 |
| Capital expenditures for commissary expansion and relocation of corporate headquarters | 137,000,000.00 | 12.72 |
| Net proceeds from sale of primary shares | 1,077,300,000.00 | 100.00 |

Note: ₱ = PHP = Philippine peso; US$1 = ₱49.6269 on December 2, 2016. \*Initial public offering fees amount to ₱93,740,000.

Source: Adapted by the authors from Shakey’s Pizza Asia Ventures Inc., *Prospectus*, November 26, 2016, accessed April 24, 2017, https://spavi-noo-prod.s3.ap-southeast-1.amazonaws.com/s3fs-public/prospectus/2018-07/PIZZA%20Prospectus.PDF.

EXHIBIT 7: PHILIPPINE FUND PORTFOLIO AS OF OCTOBER 2016

|  |  |  |
| --- | --- | --- |
| **Philippine Stock Market Sector** | **% of Portfolio** | **Benchmark PSEi Weights** |
| Financials | 21.2% | 17.3% |
| Holding Firms | 17.2% | 40.0% |
| Industrial | 19.2% | 15.3% |
| Property | 13.9% | 17.8% |
| Services | 19.0% | 8.5% |
| Total Equities | 90.5% | 1.0% |
| Cash | 9.50% |  |
| Total Portfolio Allocation | 100.00% | 100.00% |

Source: “Philippine Fund Attribution Report,” Asian Institute of Management, October 2016.

EXHIBIT 8: STATEMENTS OF INCOME FOR YEARS ENDED DECEMBER 31, 2014, 2015, AND 2016E (₱)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **December 31** | **December 31** | **December 31** |
|  | **2014** | **2015** | **2016E\*** |
| Gross sales | 4,684,594,869 | 5,238,539,745 | 5,935,789,385 |
| Less: |  |  |  |
| Sales discount | (130,156,897) | (161,333,628) | (182,822,313) |
| Sales returns | (938,155) | (1,214,837) | (1,365,232) |
| **Net Sales** | **4,553,499,817** | **5,075,991,280** | **5,751,601,840** |
| Royalty and franchise fees | 142,986,854 | 168,348,361 | 190,538,839 |
| Cost of sales | (3,638,500,150) | (4,048,378,689) | (4,363,695,566) |
| **Gross Income (Loss)** | **1,057,986,521** | **1,195,960,952** | **1,578,445,113** |
| General and administrative expenses | (363,448,471) | (372,679,937) | (687,378,939) |
| Depreciation and amortization | (164,048,040) | (209,946,662) | (155,161,830) |
| **Earnings before Interest and Taxes** | **530,490,010** | **613,334,353** | **735,904,345** |
| Interest expense | - | - | (140,750,000) |
| Other income (expense)—Net | 50,400,313 | 45,610,763 | 115,747,698 |
| **Income (Loss) before Income Tax** | **580,890,323** | **658,945,116** | **710,902,043** |
| Benefit from (provision for) income tax | (151,738,516) | (179,352,712) | (192,319,576) |
| **Net Income (Loss)** | **429,151,807** | **479,592,404** | **518,582,467** |

Note: \*2016E is based on the case writer’s estimate.

Source: S&P Capital IQ, accessed November 16, 2017.

EXHIBIT 9: BALANCE SHEETS FOR YEARS ENDED DECEMBER 31, 2014, 2015, AND 2016E (₱)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2014** | **2015** | **2016E\*** |
| **ASSETS** |  |  |  |
| **Current Assets** |  |  |  |
| Cash and cash equivalents | 406,299,422 | 388,872,392 | 561,696,137 |
| Financial assets at fair value through profit or loss | 38,891,488 | 36,084,300 | - |
| Available-for-sale investments | - | - | 1,077,300,000 |
| Trade and other receivables | 400,206,162 | 543,196,681 | 615,500,186 |
| Current portion of loans to related parties | 32,333,333 | 23,527,778 | 27,933,333 |
| Inventories | 255,272,986 | 238,738,578 | 257,278,708 |
| Prepaid expenses and other current assets | 10,750,976 | 10,499,429 | 11,660,782 |
| **Total Current Assets** | **1,143,754,367** | **1,240,919,158** | **2,551,369,146** |
| **Non-current Assets** |  |  |  |
| Property and equipment | 440,371,575 | 577,144,599 | 697,964,694 |
| Available-for-sale investments | 687,311,474 | 682,534,072 | 323,088 |
| Goodwill and trademarks | - | - | 5,000,000,000 |
| Loans to related parties—Net of current portion | 23,666,667 | 8,333,333 | - |
| Deferred input value-added tax | 26,033,050 | 32,175,398 | 32,218,220 |
| Deferred tax assets—Net | 26,519,078 | 33,629,789 | 38,105,914 |
| Rental and other non-current assets | 75,014,993 | 89,514,430 | 101,428,801 |
| **Total Non-current Assets** | **1,278,916,837** | **1,423,331,621** | **5,870,040,717** |
| **TOTAL ASSETS** | **2,422,671,204** | **2,664,250,779** | **8,421,409,863** |
| **LIABILITIES AND EQUITY** |  |  |  |
| **Current Liabilities** |  |  |  |
| Accounts payable and other current liabilities | 1,037,803,131 | 907,709,548 | 978,424,233 |
| Current portion of loan payable | - | - | 965,000,000 |
| Income tax payable | 49,728,207 | 57,997,039 | 65,716,445 |
| **Total Current Liabilities** | **1,087,531,338** | **965,706,587** | **2,009,140,678** |
| **Non-current Liabilities** |  |  |  |
| Loan payable—Net of current portion | - | - | 4,035,000,000 |
| Accrued pension costs | 29,777,338 | 36,712,202 | 58,270,450 |
| Accrued rent | 40,498,895 | 42,718,930 | 48,701,438 |
| Dealers' deposits and other non-current liabilities | - | 40,870,197 | - |
| **Total Non-current Liabilities** | **70,276,233** | **120,301,329** | **4,141,971,888** |
| Total Liabilities | **1,157,807,571** | **1,086,007,916** | **6,151,112,566** |
| **Equity** |  |  |  |
| Capital stock | 368,614,050 | 768,614,050 | 872,614,050 |
| Additional paid-in capital | - | - | 1,067,000,000 |
| Retained earnings | 900,047,563 | 829,245,434 | 360,911,058 |
| Other components of equity | (3,797,980) | (19,616,621) | (30,227,811) |
| **Total Equity** | **1,264,863,633** | **1,578,242,863** | **2,270,297,297** |
| **TOTAL LIABILITIES AND EQUITY** | **2,422,671,204** | **2,664,250,779** | **8,421,409,863** |

Note: 2016E is based on case writer’s estimate.

Source: S&P Capital IQ, accessed November 16, 2017.

EXHIBIT 10: PHILIPPINE GOVERNMENT BOND YIELD

|  |  |  |  |
| --- | --- | --- | --- |
| **Maturity** | **Yield (%)** | **Maturity** | **Yield (%)** |
| 1 month | 1.894 | 7 years | 4.885 |
| 6 months | 2.946 | 10 years | 4.628 |
| 1 year | 2.452 | 20 years | 5.377 |
| 5 years | 4.742 |  |  |

Source: “Currencies, Year-to-Date Chance,” AsiaBondsOnline, accessed November 13, 2017, https://asianbondsonline.adb.org/philippines/data/marketwatch.php?code=government\_bond\_yields.

EXHIBIT 11: INFORMATION ON COMPARABLE COMPANIES

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Company Name and Headquarters** | **Business Description** | **EBITDA Margin** | **Profit Margin** | **TEV/**  **EBITDA** | **TEV/ EBIT** | **P/E** | **Net Debt/TEV** | **Five-Year Beta** |
| Jollibee Foods Corporation, Philippines | Jollibee Foods Corporation, together with its subsidiaries, develops, operates, and franchises quick-service restaurants. The company operates quick-service restaurants under the Jollibee, Chowking, Greenwich Pizza, Red Ribbon, Mang Inasal, Burger King Philippines, Yonghe King, Hong Zhuang Yuan, SuperFoods, Smashburger, and Dunkin’ Donuts names. The company generated US$2,056 million in revenues for the last twelve months ended October 2016. It operates approximately 4,279 outlets worldwide. The company also engages in leasing, digital printing advertising, and business management businesses. Jollibee Foods Corporation was founded in 1975 and is headquartered in Pasig City, Philippines. | 8.9% | 4.96% | 25.0× | 41.6× | 43.8× | 0.00% | 0.16 |
| Max's Group Inc., Philippines | Max's Group Inc., together with its subsidiaries, establishes, operates, and maintains restaurants, coffee shops, refreshments parlours, and cocktail lounges in the Philippines and internationally. The company generated US$207 million in revenues for the last twelve months ended October 2016. The company also offers advertising support, real estate, commissary, franchising, and management consultancy. The company’s brands, including Max’s Restaurant, Pancake House, Yellow Cab Pizza, Krispy Kreme, Teriyaki Boy, Dencio’s, Sizzlin’ Steak, Jamba Juice, Le Coeur de France, Kabisera, Maple, and Max’s Corner Bakery, encompass a network of 673 outlets in 55 cities in North America, the Middle East, and Asia. The company was formerly known as Pancake House, Inc. and changed its name to Max’s Group Inc. in August 2014. Max's Group Inc. was founded in 1945 and is based in Makati, Philippines. | 9.7% | 4.63% | 21.2× | 29.6× | 40.3× | 14.34% | 1.56 |
| An-Shin Food Services Co. Ltd., Taiwan | An-Shin Food Services Co. Ltd. operates a chain of fast food restaurants under the MOS Burger name in Taiwan and mainland China. It offers hamburgers, hotdogs, sandwiches, salads, desserts, soups, and drinks. The company generated revenues of US$148.9 million in the last twelve months ended October 2016. The company was founded in 1990 and is headquartered in Taipei, Taiwan. | 7.8% | 3.72% | 2.5× | 5.4× | 15.2× | 0.00% | 0.41 |

Exhibit 11 (Continued)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Company Name and Headquarters** | **Business Description** | **EBITDA Margin** | **Profit Margin** | **TEV/**  **EBITDA** | **TEV/ EBIT** | **P/E** | **Net Debt/TEV** | **Five-Year Beta** |
| Berjaya Food Berhad, Malaysia | Berjaya Food Berhad, an investment holding company, develops and operates restaurant and cafe chains and retail outlets in Malaysia and other Southeast Asian countries. The company generated US$138 million in revenues for the twelve months ended October 2016. As of April 30, 2018, the company operated a chain of 81 Kenny Rogers Roasters restaurants in Malaysia; 260 Starbucks stores, including 39 drive-through stores in Malaysia; four Starbucks stores, including one drive-through concept store in Brunei; and 21 Jollibean outlets, nine Sushi Deli outlets, and one Kopi Alley outlet in Singapore. Berjaya Food Berhad is a subsidiary of Berjaya Corporation Berhad. The company was incorporated in 2009 and is based in Kuala Lumpur, Malaysia. | 12.5% | 3.30% | 11.0× | 20.6× | 29.4× | 27.27% | 0.43 |
| BJ's Restaurants Inc., United States | BJ’s Restaurants Inc. owns and operates 201 casual dining restaurants in 27 states across the United States. The company generated US$960 million in revenues for the last twelve months ended October 2016. Its restaurants offer pizzas, craft and other beers, appetizers, entrees, pastas, sandwiches, specialty salads, and desserts. The company operates its restaurants under the BJ’s Restaurant & Brewhouse, BJ’s Restaurant & Brewery, BJ’s Pizza & Grill, and BJ’s Grill brand names. BJ’s Restaurants Inc. was founded in 1978 and is based in Huntington Beach, California. | 13.3% | 4.54% | 7.5× | 14.7× | 21.3× | 8.74% | 0.95 |

Note: EBITDA = earnings before interest, taxes, depreciation, and amortization; TEV/EBITDA = total enterprise value to earnings before interest, taxes, depreciation, and amortization; TEV/EBIT = total enterprise value to earnings before interest and taxes; P/E = price to earnings; Net Debt/TEV = net debt to total enterprise value.

Source: Capital IQ Quick Comps Table, December 2, 2016, S&P Capital IQ, accessed October 31, 2018. Beta was derived by running a five-year regression of Philippine, Malaysian, and Taiwan stock returns against the MSCI Emerging Markets Index returns. Beta of the U.S. stock was estimated using the U.S. S&P 500 Index.

endnotes

1. This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Shakey’s Pizza Asia Ventures Inc. or any of its employees. [↑](#endnote-ref-1)
2. ₱ = PHP = Philippine peso; US$1 = ₱49.6269 on December 2, 2016. [↑](#endnote-ref-2)
3. Shakey’s Pizza Asia Ventures Inc., *Prospectus*, November 26, 2016, accessed April 24, 2017, https://spavi-noo-prod.s3.ap-southeast-1.amazonaws.com/s3fs-public/prospectus/2018-07/PIZZA%20Prospectus.PDF. [↑](#endnote-ref-3)
4. Ibid. [↑](#endnote-ref-4)
5. Ibid. [↑](#endnote-ref-5)
6. Ibid. [↑](#endnote-ref-6)
7. Ibid. [↑](#endnote-ref-7)
8. Ibid. [↑](#endnote-ref-8)
9. Doris Dumlao-Abadilla, “Shakey’s IPO Gets SEC Nod; Target Listing Date on Dec. 15,” *Philippine Daily Inquirer*, November 21, 2016, accessed November 3, 2017, http://business.inquirer.net/219930/shakeys-ipo-gets-sec-nod-target-listing-date-dec-15. [↑](#endnote-ref-9)
10. The Philippine middle-income class had an average annual income greater than ₱600,000. [↑](#endnote-ref-10)
11. Shakey’s Pizza Asia Ventures Inc., op. cit. [↑](#endnote-ref-11)
12. Krista Angela M. Montealegre, “Century Pacific, GIC Gobble Up Shakey’s Philippines,” *BusinessWorld Online*, March 24, 2016, accessed November 3, 2017, www.bworldonline.com/content.php?section=Corporate&title=century-pacific-gic-gobble-up-shakeys-philippines&id=124953. [↑](#endnote-ref-12)
13. GIC (website), accessed November 3, 2017, www.gic.com.sg/about-gic/overview. [↑](#endnote-ref-13)
14. Doris Dumlao-Abadilla, “Po Family, GIC Buy Shakey’s Pizza Chain,” *Philippine Daily Inquirer*, March 23, 2016, accessed November 3, 2017, http://business.inquirer.net/208862/po-family-gic. [↑](#endnote-ref-14)
15. COL Financial, “Shakey’s Pizza Ventures, Inc: Dominant Leader of the Local Pizza Market,” *Field Notes*, December 7, 2016, accessed April 25, 2018, https://ph5.colfinancial.com/ape/FINAL2\_STARTER/ResearchCompUpdates/Downloads/2016-12-07-PH-S-PIZZA.pdf. [↑](#endnote-ref-15)
16. Doris Dumlao-Abadilla, “Po Family, GIC Buy Shakey’s Pizza Chain,” *Philippine Daily Inquirer*, March 23, 2016, accessed November 3, 2017, http://business.inquirer.net/208862/po-family-gic. [↑](#endnote-ref-16)
17. COL Financial, op. cit. [↑](#endnote-ref-17)
18. The five-year Philippine Dealing System Treasury Reference Rate (PDST-R2) was the benchmark interest rate of similar Philippine Treasury instruments that were used as reference rates for other interest-rate-sensitive instruments such as bank debt and bonds. [↑](#endnote-ref-18)
19. COL Financial, op. cit. [↑](#endnote-ref-19)
20. Ibid. [↑](#endnote-ref-20)
21. Shakey’s Pizza Asia Ventures Inc., op. cit. [↑](#endnote-ref-21)
22. Chris Schnabel, “PH GDP Grows by 7.1% in Q3 2016,” Rappler, November 17, 2016, accessed March 24, 2019, www.rappler.com/business/152642-gross-domestic-product-growth-q3-2016. [↑](#endnote-ref-22)
23. Shakey’s Pizza Asia Ventures Inc., op. cit. [↑](#endnote-ref-23)
24. Chain operators were owners of independent restaurants with one or more branches. The operator usually had full control over the operations of each branch in one holding company. [↑](#endnote-ref-24)
25. “Consumer Foodservice in the Philippines,” Euromonitor International, May 2017, accessed November 10, 2017. [↑](#endnote-ref-25)
26. Shakey’s Pizza Asia Ventures Inc., op. cit. [↑](#endnote-ref-26)
27. Full-service restaurants were establishments with a broad range of menu items along with a table, counter, or booth service and a wait staff. [↑](#endnote-ref-27)
28. Shakey’s Pizza Asia Ventures Inc., op. cit. [↑](#endnote-ref-28)
29. Ibid. [↑](#endnote-ref-29)
30. Ibid. [↑](#endnote-ref-30)
31. Ibid. [↑](#endnote-ref-31)
32. Ibid. [↑](#endnote-ref-32)
33. Ibid. [↑](#endnote-ref-33)
34. Ibid. [↑](#endnote-ref-34)
35. Ibid. [↑](#endnote-ref-35)
36. Ibid. [↑](#endnote-ref-36)
37. Ibid. [↑](#endnote-ref-37)
38. Ibid. [↑](#endnote-ref-38)
39. Shakey’s, through SIL, held the Shakey’s trademarks in the Middle East, China, other Asian countries (excluding Japan and Malaysia), and Australia and New Zealand. [↑](#endnote-ref-39)
40. Kristyn Nika M. Lazo, “Shakey’s to Bring Pizza Chain to Kuwait,” *Manila Times*, December 1, 2016, www.manilatimes.net/shakeys-bring-pizza-chain-kuwait/299493. [↑](#endnote-ref-40)
41. Shakey’s Pizza Asia Ventures Inc., op. cit. [↑](#endnote-ref-41)
42. Ibid. [↑](#endnote-ref-42)
43. Ibid. [↑](#endnote-ref-43)
44. Ibid. [↑](#endnote-ref-44)
45. Ibid. [↑](#endnote-ref-45)
46. Shakey’s Pizza Asia Ventures Inc., op. cit. [↑](#endnote-ref-46)
47. Shakey’s Pizza Asia Ventures Inc., *2016 Annual Report*, accessed March 21, 2019, https://spavi-noo-prod.s3.ap-southeast-1.amazonaws.com/s3fs-public/documents/investor\_presentations/Shakey\_s%202016%20Annual%20Report.pdf. [↑](#endnote-ref-47)
48. Iris Gonzales, “Po Family Eyes Acquisition of Other Food Chains,” *Philippine Star*, October 24, 2016, accessed November 3, 2017, www.philstar.com.business/2016/10/24/1636603/po-family-eyes-acquistion-other-food-chains. [↑](#endnote-ref-48)
49. Ibid. [↑](#endnote-ref-49)
50. Ibid. [↑](#endnote-ref-50)
51. Arran, a subsidiary of GIC, had a 37.2 per cent share stake (285,924,427 shares) in Shakey’s. [↑](#endnote-ref-51)
52. Current total number of shares outstanding was 1,427,321,053. [↑](#endnote-ref-52)
53. Shakey’s Pizza Asia Ventures Inc., op. cit. [↑](#endnote-ref-53)
54. “The PSE Composite Index (PSEi),” PSE Academy, accessed April 5, 2019, www.pseacademy.com.ph/LM/investors~details/id-1317988210702/The\_PSE\_Composite\_Index\_PSEi.html. [↑](#endnote-ref-54)
55. Capital IQ, “Market Capitalization of PSEi Constituents,” November 30, 2016, extracted April 6, 2019. [↑](#endnote-ref-55)
56. To be classified under the industrial sector, a company’s business had to fall into one of the following categories: (a) electricity, energy, power, and water; (b) food, beverage, and tobacco; (c) construction, infrastructure, and allied services; (d) chemicals; or (e) diversified industrials. “Types of Stocks,” PSE Academy, accessed October 29, 2019, www.pseacademy.com.ph/LM/investors~details/id-1316266249549/Types\_of\_STOCKS.html. [↑](#endnote-ref-56)
57. Case writer’s estimate for 2016. [↑](#endnote-ref-57)
58. Aswath Damodaran, “Country Default Spreads and Risk Premiums,” last updated January 2019, accessed November 16, 2017, http://pages.stern.nyu.edu/~adamodar/New\_Home\_Page/datafile/ctryprem.html. [↑](#endnote-ref-58)