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Valuation Metrics, Market Efficiency, and Investor Sentiment: A Descriptive Analysis of Philippine Stock Exchange–Listed Firms

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Abstract

This study provides a comprehensive descriptive analysis of valuation, fundamental, liquidity, and risk indicators among Philippine Stock Exchange (PSE)–listed firms to assess the market's current efficiency and investment climate. Drawing on publicly available data from the PSE Stock Screener (2025), twelve key metrics—including price-to-earnings (P/E), price-to-sales (P/S), price-to-book (P/B), price-to-cash-flow (P/CF), EBITDA growth, earnings yield, dividend yield, cash-to-debt ratio, and five-year Beta—were examined and ranked across sectors. Results reveal pervasive undervaluation across the market: low P/E, P/S, and P/B multiples persist despite improving profitability and liquidity, indicating that share prices do not fully reflect firms' earning capacity. Conglomerates such as Lopez Holdings, San Miguel Corporation, and Petron demonstrate solid fundamentals and strong cash generation, yet remain deeply discounted—a signal of semi-strong market inefficiency where information is available but slowly assimilated. Corporate balance sheets exhibit post-pandemic conservatism, characterized by high cash reserves and minimal leverage, while systematic risk remains concentrated in consumer, energy, and telecommunications sectors. Revenue-growth analysis suggests that some extreme gains arise from base-effect distortions rather than sustainable expansion. At the macro level, the upward shift in the Philippine Treasury yield curve and the market's −7.3 percent YTD decline (second weakest in Asia) underscore how elevated policy rates have redirected liquidity toward fixed-income assets. The study concludes that the Philippine equity market remains fundamentally resilient yet sentiment-impaired—a paradox of strength overshadowed by caution. It recommends improving monetary transparency, enhancing disclosure standards, and broadening institutional participation. Methodologically, it contributes a replicable, metric-based template for evaluating market efficiency in emerging economies and highlights the need for future studies to focus on actively traded, high-liquidity ("Class A") stocks to avoid distortions from inactive listings.

Keywords: Philippine Stock Exchange, valuation ratios, market efficiency, fundamentals, liquidity, behavioral finance, emerging markets.

1. Introduction

The Philippine Stock Exchange (PSE) occupies a central role in the nation's financial architecture, serving as the primary venue for capital formation, resource allocation, and investor participation. As the domestic economy continues to recover from cyclical disruptions and global shocks, understanding the valuation behavior, financial fundamentals, and growth dynamics of PSE-listed firms has become essential for both investors and policymakers. Despite growing digital transparency and market participation, the PSE—like many emerging markets—remains characterized by heterogeneous firm performance, sectoral imbalances, and information asymmetries that complicate valuation and investment decisions.

Across global and regional contexts, stock performance is commonly interpreted through three analytical lenses: valuation metrics (e.g., price-to-earnings, price-to-book, and market capitalization), fundamental indicators (e.g., EBITDA, dividend yield, and earnings yield), and growth-risk dynamics (e.g., revenue growth, leverage, and Beta). Each provides a different vantage point on how markets assess corporate strength and future potential. Yet in the Philippine setting, empirical evidence remains fragmented. Studies variously document weak market efficiency, inconsistent valuation-return relationships, and sector-dependent risk structures—suggesting that PSE behavior cannot be reduced to a single theoretical model of efficiency or pricing.

The motivation of this study is therefore to describe and compare the key financial metrics of selected PSE-listed companies using descriptive statistical analysis. By examining valuation, profitability, growth, and risk indicators side by side, the study aims to highlight the patterns and disparities that define corporate performance in the local capital market. In doing so, it situates Philippine firms within the broader discourse on emerging-market behavior, where valuation multiples often diverge from fundamentals and where investor sentiment, rather than strict efficiency, can drive price movements.

The focus on top-performing firms underscores the dual nature of the PSE as both a developing and maturing exchange—hosting blue-chip conglomerates alongside younger, growth-oriented enterprises. Evaluating how these firms differ in their financial and market indicators provides insight into how investors value scale, stability, and growth in a post-pandemic economy marked by volatility and sectoral realignment. Furthermore, integrating measures such as Beta and leverage introduces a risk-adjusted dimension to the analysis, bridging the gap between accounting-based performance and capital-market sensitivity.

Ultimately, this paper contributes to the empirical mapping of the Philippine equity landscape by offering a comprehensive descriptive profile of valuation, fundamental, growth, and risk metrics across major listed firms. It seeks not only to inform investment decisions but also to enrich academic understanding of how market efficiency, firm performance, and investor behavior interact within a developing financial system. The succeeding section reviews the relevant literature and empirical findings underpinning each dimension of analysis.

2. Review of Literature

2.1 The Philippine Stock Exchange and Semi-Strong Form Efficiency: Mixed and Context-Dependent Evidence

Understanding informational efficiency in the Philippine Stock Exchange (PSE) matters for interpreting valuation and performance indicators in a local context where macro shocks, regulatory shifts, and investor sentiment interact. Semi-strong form efficiency posits that prices rapidly and unbiasedly incorporate all publicly available information. If the PSE approximates this form, then valuation ratios and growth metrics should embed news quickly, limiting the scope for abnormal returns from public information alone.

Early and mid-2000s evidence suggests weak-form efficiency with mixed support for the semi-strong form. Using event-time and return-based tests, Aquino (2006) reported that information is often absorbed rapidly, but adjustments are less complete during periods of political or economic stress, allowing non-fundamental drivers to influence price discovery. This conditionality implies that efficiency is not uniform through time and may deteriorate when uncertainty spikes.

Sectoral studies further complicate the picture. Applying multifractal detrended fluctuation analysis, Antenorcruz, Manzano, and Batac (2020) showed that efficiency varies across industries, with property-related sectors tending to be closer to efficient behavior than services. Heterogeneity at the sector level indicates that uniform assumptions about how quickly public information is impounded into prices may be misleading for cross-sectional comparisons of firms and ratios.

Crisis-era evidence aligns with a time-varying efficiency view. During COVID-19, ASEAN-5 markets—including the PSE—exhibited moderate efficiency (average efficiency scores $\approx$0.66–0.74), which does not by itself confirm semi-strong efficiency as classically defined (Febriandika, Islam, Sanusi, & Inayati, 2024). Historical analyses around the late-1990s Asian crisis show temporary efficiency declines with subsequent recoveries (Lim, Brooks, & Kim, 2008), reinforcing the notion that informational efficiency in the PSE is contingent on regime shifts and market stress.

Synthesis. Across study designs (event studies, fractal measures, frontier analyses) and periods, the consensus is nuanced: the PSE often processes public information quickly, but sectoral heterogeneity and crisis-sensitive frictions limit a blanket characterization as semi-strong efficient. For empirical work using valuation, fundamentals, and growth/risk metrics, this implies that observed ratios may reflect both information and transitory inefficiencies, especially around shocks or in less-efficient sectors.

2.2 Valuation Metrics and Market Pricing Behavior: The Predictive Ambiguity of the Price-to-Earnings Ratio

The price-to-earnings (P/E) ratio has long been regarded as one of the most intuitive and widely used indicators of stock valuation. It captures the relationship between a firm's current share price and its earnings per share, often serving as a shorthand for investor expectations about future growth and profitability. However, empirical evidence—both global and Philippine—suggests that high P/E ratios do not consistently predict positive future stock returns, and in many cases, the relationship may even be inverse or insignificant. The literature reveals that while P/E ratios signal market optimism, they are far from reliable as a stand-alone forecasting tool.

Theoretical and Empirical Basis of P/E Ratios

Theoretically, the P/E ratio reflects investors' collective expectations regarding earnings growth and risk. Classical valuation theory, rooted in the Gordon Growth Model, implies that a higher P/E ratio represents expectations of above-average growth and lower perceived risk. Yet, numerous empirical studies across markets dispute its predictive validity. Anderson and Brooks (2005) decomposed the P/E ratio into earnings and growth components, revealing that its ability to forecast returns diminishes once cyclical and structural factors are controlled for. Similarly, Aras and Yilmaz (2008) found that in several emerging markets, low P/E portfolios systematically outperformed high P/E portfolios, suggesting a contrarian pattern rather than a momentum effect.

More recent investigations confirm that P/E-based predictions are often context-dependent and time-sensitive. Park (2020, 2021) and McMillan (2018) showed that cyclical phases and macroeconomic conditions moderate the relationship between valuation ratios and subsequent returns. In some cases, the predictive power of P/E ratios erodes during expansionary cycles as prices overshoot earnings expectations. In behavioral finance terms, Moore (2018) argued that investor attention and cognitive biases can inflate "glamour" stocks—those with high P/E multiples—without corresponding earnings justification.

Evidence from the Philippine Stock Exchange

Empirical studies of the Philippine Stock Exchange (PSE) reinforce the global pattern of weak predictive ability. Dayag and Trinidad (2019) examined universal banks and found no consistent positive correlation between P/E ratios and subsequent stock performance. Similarly, Valcarcel (2016) observed that low P/E stocks in the Philippine market frequently outperformed their high P/E counterparts, implying a reverse relationship between valuation optimism and realized returns. Robin et al. (2015) and Mercado et al. (2020) expanded this analysis, reporting that high P/E ratios do not reliably forecast improved future performance, particularly in sectors characterized by regulatory volatility and thin trading volumes. Collectively, these findings suggest that the Philippine market behaves more like an information-reactive environment than one driven by sustained valuation metrics.

Sectoral and Market Differences

A recurring conclusion in the literature is that sectoral and market context shape valuation outcomes. In mature markets, P/E ratios may exhibit weak but positive correlations with returns under stable conditions (Vidhani, 2021; Chaudhuri, 2024). In contrast, in emerging and volatile markets like the Philippines, market inefficiencies, speculative behavior, and liquidity constraints often distort this relationship. Studies by Imran (2018) and Adiandari and Astuti (2023) emphasize that alternative valuation metrics—such as price-to-book (P/B) and dividend yield—often provide more consistent return signals. Kenourgios, Papathanasiou, and Bampili (2021) found similar patterns in Greece, where cyclically adjusted P/E ratios (CAPE) showed only limited forecasting power except during deep undervaluation phases.

Across regions, it appears that no single valuation ratio dominates as a predictor of returns. The comparative evidence underscores that investors must integrate multiple valuation and fundamental indicators—including earnings yield, dividend payout, and book-to-market ratios—rather than relying exclusively on P/E metrics.

Synthesis

Across decades of financial research, high P/E ratios remain a poor standalone predictor of future stock returns. In the Philippine context, where informational frictions and speculative dynamics persist, low P/E stocks often perform better than their high P/E counterparts. These findings imply that valuation-based investment strategies must integrate multiple ratios and contextual factors to reflect both firm-level fundamentals and broader market efficiency conditions..

2.3 Fundamental Financial Health Indicators: EBITDA, Dividend Yield, and Earnings Yield

Fundamental indicators distill a firm's capacity to generate operating surpluses, reward shareholders, and convert revenues into durable cash earnings. In empirical asset pricing and valuation practice, EBITDA, dividend yield, and earnings yield (E/P) are frequently paired with market-based multiples to explain cross-sectional variation in valuations and realized returns. The literature, however, cautions that these signals are context-dependent—varying across accounting regimes, business cycles, and market depth (especially in emerging markets).

1) EBITDA (TTM): Operating Performance and Valuation Links

EBITDA is commonly employed as a cash-proxy operating metric because it excludes interest, taxes, depreciation, and amortization. In corporate valuation, enterprise multiples such as EV/EBITDA are favored for cross-firm comparability (Lie & Lie, 2002; Damodaran, 2012/2023). Studies find that higher EBITDA margins and growth are associated with higher valuation multiples, controlling for capital intensity and risk (Lie & Lie, 2002; Liu, Nissim, & Thomas, 2002). Yet EBITDA's interpretation is not equivalent to free cash flow: it omits maintenance capex and working capital needs, which can bias inferences in asset-heavy industries (Damodaran, 2012/2023). Empirically, EBITDA-based signals tend to be stronger in mature, cash-generative sectors and weaker in early-stage or capex-intensive firms where EBITDA and true economic cash generation diverge (Penman, 2010; Koller, Goedhart, & Wessels, 2020).

Implication for this study. When ranking PSE firms on fundamentals, EBITDA should be read with leverage and capex context (e.g., Debt/Equity, P/CF), and interpreted sector-sensitively (utilities, telco, real estate vs. retail/consumer).

2) Dividend Yield (TTM): Payout Policy, Signaling, and Return Predictability

Dividend policy literature (Lintner, 1956; Miller & Modigliani, 1961) argues payouts are shaped by target payout ratios and management's smoothing behavior. In informationally imperfect markets, stable or rising dividends can signal earnings durability and managerial confidence (Bhattacharya, 1979; DeAngelo & DeAngelo, 2006). At the market level, the dividend-price ratio (or aggregate dividend yield) has exhibited predictive power for long-horizon returns in developed markets (Campbell & Shiller, 1988, 2001; Cochrane, 2011), though its strength varies through time and across geographies (Rapach & Zhou, 2013).

Across emerging markets, findings are mixed: in some settings dividend yield outperforms P/E as a cross-sectional signal (Aras & Yilmaz, 2008), while in others liquidity, taxation, and ownership concentration dilute predictability (Bekaert & Harvey, 2003). For the Philippines, firm-level evidence indicates that payout levels relate to profitability and lifecycle rather than a mechanical link to near-term price appreciation; when dividend yield helps, it typically does so in tandem with value metrics and lower leverage (Robin, Canquin, Uy, & Villagracia, 2015; Mercado, Garcia, Ilagan, Reveche, & Young, 2020).

Implication for this study. Dividend yield is best treated as one component in a composite fundamental screen (with earnings yield, P/B, leverage), not a stand-alone predictor—especially in sectors where retentions fund growth (e.g., property, infra, telco).

3) Earnings Yield (TTM, E/P): The Value Lens

The earnings yield (E/P)—the inverse of P/E—connects directly to the value premium documented in cross-sectional returns (Fama & French, 1992, 1998). High E/P (low P/E) portfolios have historically outperformed glamour portfolios in many markets, consistent with risk-based (distress, macro sensitivity) or mispricing interpretations (Lakonkishok, Shleifer, & Vishny, 1994). Compared with dividend yield, E/P leverages broader coverage (firms that do not pay dividends still have earnings), though it remains sensitive to accounting noise, extraordinary items, and earnings management (Penman, 2010).

In practice, earnings yield interacts with quality: high E/P combined with strong profitability and modest leverage tends to deliver more robust subsequent performance than high E/P alone (Asness, Frazzini, & Pedersen, 2019). Philippine evidence is directionally consistent—low P/E (high E/P) baskets often fare better than high-multiple baskets, but results are heterogeneous across sectors and cycles (Valcarcel, 2016; Dayag & Trinidad, 2019; Mercado et al., 2020).

Implication for this study. Ranking by earnings yield should be cross-checked against quality/solvency (Debt/Equity) and growth durability (Rev. growth TTM), to guard against value traps.

Cross-Cutting Considerations for Emerging Markets and the PSE

Three recurring cautions shape the interpretation of these fundamentals in the PSE context:

a. Accounting comparability and business models. EBITDA usefulness hinges on capex intensity and revenue recognition policies; sector-level norms matter (real estate pre-sales, infra concessions, telco leases).
b. Market microstructure. Thin trading and ownership concentration can delay price discovery, weakening the standalone predictive content of dividend or earnings yields relative to developed markets (Bekaert & Harvey, 2003).
c. Composite screens outperform single ratios. Evidence favors multivariate combinations (E/P with dividend yield and P/B; EBITDA

with leverage and cash-flow ratios) over single indicators (Aras & Yilmaz, 2008; Asness et al., 2019; Koller et al., 2020).

Synthesis. EBITDA, dividend yield, and earnings yield provide complementary lenses on operating strength, payout policy, and valuation. In the PSE, they are most informative when triangulated—e.g., high E/P + positive revenue growth + moderate leverage + healthy EBITDA margins—rather than used in isolation. This triangulation aligns with our descriptive design and supports sector-aware rankings of top performers.

As data volumes and trading speeds rise, the interpretation of signals increasingly relies on algorithmic aids. Ferreira et al. (2021) review how AI systems can reduce human bias and enhance predictive accuracy in portfolio tasks. Deep learning models that blend convolutional (pattern extraction) and recurrent/temporal components operationalize this promise for financial series: CNN-LSTM architectures learn spatial–temporal features in returns and volatility to improve forecasts and allocation rules (Wu et al., 2021; Li et al., 2023). The implication for practice is not that algorithms replace theory, but that they operationalize it—turning noisy, path-dependent data (of the sort highlighted by Nolte et al., 2017) into probabilistic signals usable for timing, risk control, and selection.

2.4 Growth Performance and Revenue Dynamics: Profitability as the True Driver of Firm Value

While revenue growth is frequently celebrated as a sign of corporate dynamism and investor confidence, empirical evidence—particularly from the Philippines—reveals that profitability and financial efficiency, not mere top-line expansion, determine long-term firm value. In the context of the Philippine Stock Exchange (PSE), rapid sales growth does not automatically translate into greater market capitalization unless accompanied by stable earnings, prudent cost management, and sound financial structure.

Revenue Growth and Market Capitalization

The conventional assumption that higher revenue growth directly enhances firm value has been repeatedly tested in emerging markets. Studies of diversified Philippine firms show that profitability metrics such as return on assets (ROA) and net income exert a statistically significant positive influence on firm value (proxied by Tobin's Q), whereas revenue growth alone lacks explanatory power (Sucuahi & Cambarihan, 2016). In more recent research, Gapasin (2024) examined the Philippine e-commerce sector and found that earnings stability and R&D investments exert greater influence on market capitalization than raw sales increases. These findings underscore the mediating role of profitability between growth and valuation.

Broader regional evidence reinforces this pattern. Using panel data from Asia–Pacific markets, Yadav, Pahi, and Gangakhedkar (2021) observed that firm growth initially improves profitability, but the marginal effect on market value diminishes as firms expand, suggesting diseconomies of scale and the rising importance of efficiency. Hence, sustainable firm value depends on how growth translates into profit, not simply on the rate of revenue increase.

Sectoral and Macroeconomic Influences

At the sectoral level, innovation and R&D spending amplify firm value only when coupled with positive financial performance. Gapasin (2024) demonstrated that R&D intensity enhances investor perception and valuation in e-commerce firms only when earnings volatility is controlled, indicating that innovation must be financially grounded to add value. Conversely, revenue surges that outpace profit growth may even reduce valuation multiples if they heighten perceptions of volatility or financial fragility.

From a macroeconomic perspective, the linkage between national indicators and firm valuation appears limited. Fajri, Muhsyaf, and Prasidya (2024) found that GDP growth and inflation exert minimal direct effects on market capitalization across Asian economies. Their findings imply that investors in emerging markets—particularly in the Philippines—react more to firm-level fundamentals than to broad macro trends. The result aligns with micro-structural realities of the PSE, where liquidity and ownership concentration magnify the importance of company-specific signals over macroeconomic cycles.

Synthesis

The cumulative evidence indicates that revenue growth is an insufficient predictor of firm value. Profitability, earnings stability, and strategic reinvestment capacity are the decisive determinants of higher market capitalization in the Philippines. Revenue expansion contributes to valuation only when it is accompanied by sustainable margins and operational efficiency. For investors and analysts, this highlights the necessity of integrating profitability metrics—such as EBITDA, ROA, and earnings yield—when interpreting revenue growth trends. The implication for the present study is clear:

ranking PSE-listed firms by growth should emphasize profit-anchored growth, not growth for its own sake.

2.5 Risk Structure and Market Sensitivity: Financial Leverage and Beta in the PSE

A core implication of modern capital structure theory is that financial leverage magnifies exposure to market-wide shocks, raising a firm's systematic risk (Beta) and altering its risk–return profile. In the Philippine Stock Exchange (PSE), the leverage–Beta nexus is statistically significant on average, but its strength is sector-contingent and state-dependent—intensifying around macro shocks and moderating under favorable tax regimes or conservative financing policies.

Evidence from the PSE

Panel evidence on 50 non-financial, frequently traded PSE firms (2007–2013) shows that most leverage measures have a significant, positive association with Beta, with economically meaningful differences across industries (Tan, Chua, & Salamanca, 2015). This finding implies that in the PSE context, capital structure choices are not risk-neutral: higher debt loads transmit into higher covariance with the market, particularly in sectors with cyclical cash flows or high operating leverage. Sector heterogeneity—e.g., property and industrials vs. staples—suggests that business model characteristics (margin cyclicality, asset intensity, revenue stability) mediate how leverage translates into systematic risk.

Theoretical and International Benchmarks

Canonical models and international evidence consistently predict that levered Betas exceed unlevered Betas because debt fixes contractual claims and concentrates residual volatility on equity holders (Bowman, 1979; Mandelker & Rhee, 1984). Empirically, higher leverage correlates with higher expected returns (through risk) and, in some settings, contributes to the "Beta anomaly" when interactions with constraints and frictions are considered (Bhandari, 1988; Baker, Hoeyer, & Wurgler, 2020). Recent analytical work sharpens the algebraic mapping between leverage, taxes, and Beta—showing, for example, that corporate income tax shields can attenuate the leverage–Beta slope, all else equal (Babanić, 2023). Cross-market studies further confirm the directional robustness of the leverage–Beta link while emphasizing market structure, regulation, and macro states as moderators (Aharon & Yagil, 2019; Du, 2023; Bui, Nguyen, & Pham, 2023).

Sectoral and Contextual Nuances

Not all sectors or periods display the same elasticity of Beta to leverage. Studies in neighboring Asian markets report exceptions or weak effects in specific industries or windows—often where firms enjoy regulated cash flows, implicit guarantees, or unusually stable operating margins (Sari & Hutagaol, 2009; Kurniawan, 2019). Conversely, crisis regimes (e.g., COVID-19) tend to strengthen the leverage–Beta association as volatility, liquidity premia, and cash-flow uncertainty rise (Kadek, Mahendra, & colleagues, 2023). These patterns align with the PSE's experience: macro stress, thin trading, and ownership concentration can amplify the speed and magnitude by which leverage alters market sensitivity. Practically, this implies that risk screens for PSE issuers should jointly assess leverage with operating leverage, size, liquidity, dividend policy, and profitability—factors that interact with Beta dynamics in both theory and evidence.

Synthesis.

For Philippine equities, debt/equity is a first-order risk variable: higher leverage reliably raises Beta, but its realized impact is filtered through sector economics and market states. For valuation and growth analysis, this means that screening on fundamentals should be paired with explicit risk normalization (un/levered Beta)—especially when ranking top performers across heterogeneous PSE sectors.

3. Research Objectives

3.1 Objectives of the Study

Despite the growing body of financial and econometric research on emerging capital markets, a comprehensive descriptive analysis of the key financial metrics of Philippine Stock Exchange (PSE)-listed firms remains limited. Existing studies often examine singular aspects—such as market efficiency, valuation ratios, or leverage effects—without integrating these dimensions into a unified empirical perspective. Moreover, the PSE's structure, comprising both large conglomerates and smaller growth enterprises, presents a heterogeneous environment where valuation, profitability, and risk characteristics differ sharply across sectors.

This study therefore addresses the following central problem:

How do valuation, fundamental, growth, and risk metrics characterize the performance of top-listed firms in the Philippine Stock Exchange, and what patterns emerge from their descriptive comparison?

To answer this overarching question, the study pursues the following specific objectives:

a. To describe the valuation metrics of selected PSE-listed firms—including price, market capitalization, price-to-earnings (P/E), price-to-book (P/B), price-to-sales (P/S), and price-to-cash-flow (P/CF) ratios—and to identify firms exhibiting extreme or distinctive valuation profiles.
b. To examine the fundamental indicators such as earnings before interest, taxes, depreciation, and amortization (EBITDA TTM), dividend yield (% TTM), and earnings yield (% TTM), in order to assess firms' financial health and shareholder value orientation.
c. To evaluate growth performance through revenue growth (% TTM YoY), comparing high-growth and mature firms and observing how top-line expansion aligns with profitability and market value.
d. To analyze risk structure metrics, particularly debt-to-equity ratios and five-year Beta coefficients, as indicators of financial leverage and systematic risk exposure.
e. To provide a composite descriptive overview integrating valuation, fundamentals, growth, and risk dimensions, thereby establishing benchmark patterns among the top-performing PSE-listed companies.

The study does not seek to establish causality but to develop a data-driven profile of corporate financial characteristics in the PSE. Its contribution lies in presenting an integrated snapshot of how Philippine firms are positioned along critical dimensions of value creation and market sensitivity. By mapping these relationships, the study supports both academic inquiry and practical investment assessment in understanding the structural contours of the Philippine equity market.

3.2 Expected Contributions of the Study

This study is expected to contribute to the growing body of literature on emerging-market valuation and performance analytics in several interrelated ways. Its significance extends to three domains—scholarly research, professional investment practice, and policy formulation—each benefiting from the integration of valuation, fundamental, growth, and risk metrics in a single descriptive framework.

1. Scholarly Contribution

Most prior analyses of the Philippine Stock Exchange have focused on isolated constructs—market efficiency, sectoral volatility, or individual valuation ratios. By contrast, this research provides a holistic empirical mapping of PSE-listed firms across four dimensions: valuation, fundamentals, growth, and risk. The resulting multidimensional profile enriches the academic understanding of how firm-level indicators behave within a developing market that exhibits both efficiency traits and structural inefficiencies. This synthesis offers a foundational dataset for subsequent inferential or predictive studies on stock performance, firm value, and capital-market behavior in the Philippines.

2. Practical Contribution to Investors and Financial Analysts

For practitioners, the study offers benchmark reference points for interpreting financial ratios of listed companies within comparable sectors. Through descriptive comparisons of top-performing firms, the research clarifies which financial metrics—EBITDA, dividend yield, or debt/equity—tend to align with strong market capitalization and stability. These insights can assist portfolio managers and analysts in refining valuation screens, risk assessments, and sector allocation strategies tailored to the Philippine equity landscape.

3. Institutional and Policy Contribution

At the institutional level, findings can inform the Philippine Stock Exchange, regulatory bodies, and corporate finance officers in evaluating transparency and financial disclosure practices. Understanding how different metrics correlate with perceived performance supports initiatives for improved investor communication and data standardization. Policymakers and regulators may likewise draw from this analysis to design frameworks that promote evidence-based corporate reporting, financial resilience, and sustainable capital formation within the local market.

4. Methodological Contribution

Finally, by employing a structured descriptive approach that combines multiple categories of indicators, the study introduces a replicable analytic template for future cross-country or cross-sector comparisons. This methodological contribution encourages researchers to adopt integrated metric frameworks rather than single-ratio models when examining market performance in emerging economies.

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4. Methodology

4.1 Research Design

This study employed a quantitative, descriptive-comparative design aimed at summarizing and interpreting the valuation, fundamental, growth, and risk metrics of selected companies listed in the Philippine Stock Exchange (PSE). The approach is primarily descriptive because it seeks to characterize financial performance patterns rather than test causal relationships. The comparative aspect allows the identification of variations across firms and metric categories, offering an integrated view of market structure and firm heterogeneity.

4.2 Data Source and Coverage

The study utilized secondary quantitative data drawn from all publicly listed companies in the Philippine Stock Exchange (PSE) as of the latest available reporting period (2025). Rather than relying on sampling, the research adopted a population-based approach, ensuring full coverage of every active PSE-listed firm across all industry classifications.

Data for each company were obtained from the PSE Edge database and verified using TradingView, Investagrams, and official company disclosures to guarantee accuracy and consistency. Financial indicators were extracted directly from the PSE Stock Screener tool, which compiles standardized valuation and performance ratios from audited filings and market updates.

Each listed firm was ranked according to the twelve metrics under investigation—namely price, market capitalization, EBITDA (TTM), price-to-earnings (P/E), price-to-sales (P/S), price-to-cash flow (P/CF), price-to-book (P/B), dividend yield (% TTM), revenue growth (% TTM YoY), earnings yield (% TTM), debt-to-equity ratio, and Beta (5-year).

The use of the stock screener ensured uniform computational methodology across companies, eliminating subjective selection bias. The rankings generated for each indicator provided the empirical foundation for subsequent descriptive summaries, tables, and comparative analyses of valuation, fundamentals, growth, and risk dimensions within the PSE.

4.3 Variables and Measures

Twelve (12) key financial metrics were examined, categorized into valuation, fundamental, growth, and risk indicators. All metrics were obtained on a trailing-twelve-month (TTM) basis where applicable.

Table 1. Category, Metrics and Measurement Basis

Category	Variable / Metric	Description / Measurement Basis
Valuation Metrics	1. Price (₱)	Market closing price per share.
	2. Market Capitalization (₱ B)	Total market value of outstanding shares.
	3. Price-to-Earnings (P/E)	Share price divided by earnings per share.
	4. Price-to-Sales (P/S)	Share price relative to revenue per share.
	5. Price-to-Cash Flow (P/CF)	Share price relative to operating cash flow per share.
	6. Price-to-Book (P/B)	Market price per share divided by book value per share.
Fundamental Indicators	7. EBITDA (TTM, ₱ B)	Earnings before interest, taxes, depreciation, and amortization.
	8. Dividend Yield (%) TTM	Annual dividends per share divided by price per share.
	9. Earnings Yield (%) TTM	Inverse of P/E ratio; net income relative to price.
Growth Metrics	10. Revenue Growth (% YoY TTM)	Year-on-year change in revenue.
Risk Metrics	11. Cash to Debt (FQ)	Total cash divided by the debt.
	12. Beta (5-Year)	Measure of systematic risk relative to the PSE index.

All numerical data were cross-verified between at least two public sources to ensure consistency and validity.

4.4 Data Treatment and Analytical Procedure

The study employed a ranking-based descriptive analysis using data extracted from the Philippine Stock Exchange (PSE) stock screener. For each of the twelve indicators, all listed companies were ranked from highest to lowest, allowing the identification of the top 10 performing firms per metric. No inferential or normalization techniques (e.g., percentile ranking or z-scores) were applied, as the objective was not to establish statistical relationships but to present comparative standings based on raw market and financial ratios.

The ranking results were tabulated and interpreted to highlight patterns among the highest-performing companies under each metric category—valuation, fundamentals, growth, and risk. While the analysis did not compute composite scores or weighted averages, brief observations were made regarding sectoral representation (e.g., property, industrial, energy, retail, and telecommunications), in order to contextualize which industries consistently appear among the top performers.

All data processing was conducted using Microsoft Excel for ranking and sorting functions, ensuring transparent reproducibility of results. The final output consists of ranked tables and descriptive summaries that collectively portray the comparative financial landscape of PSE-listed firms.

4.5 Reliability and Validity Considerations

To ensure data reliability, the study utilized audited financial statements and public market data released by the companies and verified through PSE disclosures. Consistency checks were conducted for extreme or outlier values (e.g., unusually high P/E or negative earnings). Because all metrics derive from published financial data, the study maintains high transparency and replicability.

4.6 Ethical Considerations

All data used are secondary, publicly accessible, and non-confidential. The study adheres to ethical research standards by providing due citation of data sources and by limiting interpretations to aggregated, non-proprietary information.

5. Results

5.1 Valuation Metrics

5.1.1 Price and Market Capitalization

Figure 1 presents the top publicly listed companies in the Philippine Stock Exchange (PSE) ranked by market capitalization and share price as of October 10, 2025. The results demonstrate a strong concentration of market value among a few large-scale conglomerates and financial institutions, reflecting the PSE's characteristic structure as a blue-chip-dominated market

ICT	International Container Ter... [D]	526.0 PHP	1.06 T PHP
SM	SM Investments Corporation [D]	735.0 PHP	899.31 B PHP
BDO	BDO Unibank, Inc. [D]	134.8 PHP	727.47 B PHP
SMPH	SM Prime Holdings, Inc. [D]	22.80 PHP	655.23 B PHP
MER	Manila Electric Co. [D]	558.0 PHP	617.08 B PHP
BPI	Bank of the Philippine Islan... [D]	106.4 PHP	568.01 B PHP
ALI	Ayala Land Inc. [D]	23.25 PHP	337.38 B PHP
FB	San Miguel Food & Beverag... [D]	52.75 PHP	312.89 B PHP
MBT	Metropolitan Bank & Trust ... [D]	69.80 PHP	307.98 B PHP
AP	Aboitiz Power Corp. [D]	41.85 PHP	302.29 B PHP
AC	Ayala Corp. [D]	471.0 PHP	301.2 B PHP
EMI	Emperador Inc. [D]	16.24 PHP	258.39 B PHP

Figure 1. Market Capitalization Ranking of PSE-Listed Companies, 2025

Discussion

The results reveal that the PSE remains highly concentrated, with a handful of corporations—primarily in conglomerate, financial, and real-estate sectors—dominating the overall market capitalization. International Container Terminal Services (ICT), SM Investments Corporation (SM), and BDO Unibank (BDO) collectively account for a substantial share of the total market value, underscoring the influence of established conglomerates and export-oriented industries.

The presence of financial institutions (BDO, BPI, MBT) and property developers (SMPH, ALI) among the top-ranked firms supports existing literature on the PSE's sectoral structure, which is heavily weighted toward capital-intensive and asset-backed industries (Antenorcruz et al., 2020; Aquino, 2006). The inclusion of utilities (MER) and energy firms (AP) further reflects investor preference for stable, dividend-yielding companies during volatile market cycles.

From a valuation perspective, high share prices among conglomerates such as SM Investments and Ayala Corporation signify the market's premium on diversified holdings and stable governance frameworks. Meanwhile, the continued rise of ICT emphasizes the growing role of logistics and infrastructure modernization as drivers of capitalization growth in the post-pandemic recovery period.

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Overall, the market capitalization hierarchy mirrors both the economic concentration and institutional maturity of the Philippine capital market—where conglomerate ecosystems, anchored by banking and property subsidiaries, remain central to investor confidence and liquidity generation.

5.1.2 Valuation Ratios: Price-to-Earnings (P/E)

Figure 2 presents the PSE-listed firms with the lowest price-to-earnings (P/E) ratios as of 2025. The P/E ratio, which reflects how much investors are willing to pay for every peso of a company's earnings, remains one of the most widely referenced indicators in equity valuation. A lower P/E ratio typically signals relative undervaluation or prevailing market pessimism, while a higher ratio suggests stronger growth expectations and investor confidence.

From a value-investing perspective, however, these low P/E firms may represent latent opportunities—companies whose intrinsic earning power is not yet fully recognized by the market. The gap between market perception and fundamental capacity creates potential for future revaluation once investor sentiment improves. In this sense, when the prevailing veil of pessimism is lifted, these undervalued equities are often the ones that deliver the greatest upside potential, consistent with classic value-investing principles.

Discussion

The data reveal that the lowest P/E firms in the PSE are concentrated in asset-based sectors, particularly real estate, industrial manufacturing, and holding companies. Several members of the Villar Group—Vista Land (VLL), Vistamalls (STR), and VistaREIT (VREIT)—appear prominently, reflecting how property-linked firms with steady earnings but moderate growth expectations are often priced conservatively. Similarly, Top Frontier Investment Holdings (TFHI) and Lopez Holdings (LPZ), both conglomerates with diversified assets, show compressed valuation multiples due to market caution toward complex corporate structures and cyclical exposure.

RCI	Roxas and Co. Inc. [D]	2.81 PHP	0.56
ABA	AbaCore Capital Holdings Inc [D]	0.460 PHP	0.73
TFHI	Top Frontier Investment Ho... [D]	56.00 PHP	1.14
WPI	Waterfront Philippines, Inc. [D]	0.435 PHP	1.26
STR	Vistamalls, Inc. [D]	1.22 PHP	1.38
CAT	Central Azucarera de Tarlac... [D]	10.26 PHP	1.46
VLL	Vista Land & Lifescapes, Inc. [D]	1.05 PHP	1.65
LPZ	Lopez Holdings Corporation [D]	3.78 PHP	1.74
IDC	Italpinas Development Corp. [D]	0.98 PHP	1.77
VREIT	VistaREIT, Inc. [D REIT]	1.30 PHP	1.94
SFI	Swift Foods Inc. [D]	0.055 PHP	1.94
SHNG	Shang Properties, Inc. [D]	3.89 PHP	2.19

Figure 2. Lowest P/E as of October 11, 2025

The extremely low ratios observed in Roxas & Co. (RCI) and AbaCore Capital Holdings (ABA), both below 1.0, suggest instances of deep market discounting where earnings exceed market capitalization. While such anomalies may indicate potential undervaluation, they can also reflect limited trading liquidity, uncertain earnings sustainability, or speculative investor sentiment—all common features in thinly capitalized segments of the PSE.

This pattern supports existing research suggesting that P/E ratios alone are unreliable predictors of future stock performance in emerging markets such as the Philippines (Dayag & Trinidad, 2019; Valcarcel, 2016). Instead, low P/E levels must be contextualized alongside other indicators—such as earnings yield, dividend payout, and revenue stability—to differentiate genuine value opportunities from distressed or stagnant equities.

In summary, while these firms appear undervalued on a price-to-earnings basis, their investment attractiveness depends on whether their low multiples reflect true market inefficiency or justified caution. Consistent with earlier literature, the Philippine equity market continues to exhibit valuation asymmetry, where select firms' earning potential remains obscured by liquidity issues and informational gaps rather than fundamental weakness.

5.1.3 Valuation Ratios: Price-to-Sales (P/S)

Figure 3 presents the PSE-listed firms with the lowest Price-to-Sales (P/S) ratios as of 2025. The P/S ratio measures the relationship between a company's market price and its total revenue per share. It is a particularly useful metric for evaluating companies with volatile or temporarily depressed earnings, where traditional earnings-based multiples (like P/E) may not capture operational performance. A low P/S ratio suggests that investors are paying very little for each peso of the firm's sales, potentially indicating undervalued or overlooked firms within the market.

TFHI	Top Frontier Investment Ho... [D]	56.00 PHP	0.01
PCOR	Petron Corp. [D]	2.34 PHP	0.03
BSC	Basic Energy Corporation [D]	0.119 PHP	0.03
SHLPH	Shell Pilipinas Corporation [D]	5.72 PHP	0.04
IMI	Integrated Micro-Electronic... [D]	1.93 PHP	0.07
LPZ	Lopez Holdings Corporation [D]	3.78 PHP	0.09
SMC	San Miguel Corporation [D]	56.75 PHP	0.09
MRSGI	Metro Retail Stores Group, ... [D]	1.15 PHP	0.10
ION	Ionics Inc. [D]	0.94 PHP	0.12
VITA	Vitarich Corp. [D]	0.53 PHP	0.13
TECH	Cirtek Holdings Philippines ... [D]	0.63 PHP	0.13
HOME	AllHome Corp. [D]	0.315 PHP	0.14

Figure 3. List of Companies with Lowest Price/Sales

Discussion

The lowest P/S firms in the PSE are primarily industrial and energy-based conglomerates, with Top Frontier Investment Holdings (TFHI), Petron Corporation (PCOR), and Shell Pilipinas (SHLPH) leading the list. These results underscore how capital-intensive firms with high revenue volumes but low profitability margins can exhibit very small P/S ratios. Despite generating billions in sales, their market valuation remains modest relative to total revenue—a pattern typical in cyclical or regulated industries such as oil, manufacturing, and utilities.

The recurrence of Lopez Holdings (LPZ) and San Miguel Corporation (SMC)—both previously appearing among the low P/E firms—further confirms a multi-metric undervaluation trend among diversified industrial entities. This overlap suggests that investors may be discounting these firms' complex capital structures, debt exposure, and cyclical risk rather than their operational strength or sales capacity.

However, it is crucial to interpret these low P/S ratios with caution. A very low P/S ratio may not always signify undervaluation; it can also mask structural inefficiencies or distorted valuation practices. Historical corporate failures, such as Enron-type anomalies, illustrate how firms may appear attractive through inflated price levels despite weak or manipulated revenue foundations. Thus, companies exhibiting high valuations without corresponding sales performance should be excluded from any genuine value consideration. The present ranking helps surface firms that are revenue-grounded, minimizing the risk of overvaluation detached from operating reality.

Conversely, low P/S ratios in sectors such as oil and energy (e.g., Petron and Shell Pilipinas) must be contextualized within their volatile pricing environment. Because P/S is based on revenues rather than profitability, it does not capture margin compression caused by fluctuating commodity prices or changes in global oil supply chains. Investors may therefore be discounting these companies due to exposure to price shocks and regulatory risks, rather than undervaluing them per se.

From a broader valuation perspective, the P/S ratio reinforces the findings from P/E analysis—that many Philippine equities remain underpriced relative to their earnings and revenue capacity, yet such underpricing is often sector-conditioned rather than purely market-driven. Consistent with prior research (Aras & Yilmaz, 2008; Anderson & Brooks, 2005), this reflects a market still guided by conservative pricing behavior and incomplete information transparency typical of emerging economies.

In sum, while low P/S ratios can signal deep-value potential, they also highlight the limits of revenue-based valuation in industries prone to price volatility and thin margins. The prudent investor must therefore discern between genuine undervaluation and structural discounting, balancing sales metrics with profitability indicators before inferring market inefficiency.

5.1.4 Valuation Ratios: Price-to-Cash Flow (P/CF)

Figure 4 lists the Philippine Stock Exchange firms with the lowest Price-to-Cash Flow (P/CF) ratios as of 2025. This indicator measures the relationship between a company's market price and its operating cash flow per share. Whereas the P/E ratio is sensitive to accounting accruals, the P/CF ratio focuses on liquidity strength and earnings quality, making it one of the most reliable valuation tools for assessing financial resilience. A lower P/CF ratio generally implies that investors are paying less for each peso of cash flow—potentially signaling undervaluation, stronger internal liquidity, or market conservatism toward cyclical earnings.

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Symbol 311		Price	↑ P/CF
TFHI	Top Frontier Investment Ho... D	56.00 PHP	0.19
PBB	Philippine Business Bank D	7.30 PHP	0.26
LPZ	Lopez Holdings Corporation D	3.78 PHP	0.41
PCOR	Petron Corp. D	2.34 PHP	0.50
DELM	Del Monte Pacific Limited D	3.70 PHP	0.50
HI	House of Investments, Inc. D	3.75 PHP	0.67
BSC	Basic Energy Corporation D	0.119 PHP	0.67
IMI	Integrated Micro-Electronic... D	1.93 PHP	0.83
TUGS	Harbor Star Shipping Servic... D	0.57 PHP	0.89
HOME	AllHome Corp. D	0.315 PHP	0.90
FPH	First Philippine Holdings Co... D	73.00 PHP	0.93
SMC	San Miguel Corporation D	56.75 PHP	1.14

Figure 4. Price to Cash Flow

Discussion

The firms with the lowest P/CF ratios are again dominated by industrial, energy, and conglomerate groups, led by Top Frontier Investment Holdings (TFHI), Philippine Business Bank (PBB), and Lopez Holdings (LPZ). Their sub-1.0 multiples indicate that the market prices them below their actual cash-generation capability—suggesting strong internal liquidity despite investor caution. Such cases often arise in capital-intensive enterprises with high depreciation expenses or complex ownership structures that depress reported net income while maintaining positive operating cash flows.

The inclusion of Petron (PCOR) and Del Monte Pacific Limited (DELM) reinforces this pattern: both operate in high-volume, low-margin industries where cash receipts are substantial but cyclical. Their valuations may thus reflect not inefficiency, but price sensitivity to global commodity fluctuations and consumer-demand elasticity.

Nevertheless, investors must treat low P/CF ratios with analytical discretion. A depressed ratio can be attractive from a value standpoint, yet it may also arise when cash flows are temporarily inflated by non-recurring gains, working-capital adjustments, or accounting reclassifications. Conversely, a company showing high valuation but weak or negative cash flow—analogous to the "Enron-type" anomaly—should be excluded from serious value consideration. Such mismatches between price and underlying liquidity represent warning signals of valuation without substance, where optimism outpaces true operational performance.

At the same time, the P/CF ratio alone does not reveal profit margins or cost efficiency. Firms such as Petron and Shell Pilipinas, for example, can record large revenues and operating cash flows yet remain constrained by volatile fuel prices and thin refining spreads. In such cases, low P/CF ratios may reflect external price fluctuations rather than intrinsic undervaluation.

Taken together, these findings strengthen the earlier valuation results (P/E and P/S). Philippine equities continue to display undervalued cash-generating capacity, especially among industrial and energy firms that produce steady inflows but face cyclical or regulatory pressures. This supports the conclusion that the Philippine market systematically discounts cash-flow strength, rewarding immediate earnings visibility over liquidity fundamentals. For long-term investors, these metrics underscore the need to integrate cash-flow analysis with margin evaluation to distinguish enduring value from transitory market discounts.

Symbol 311		Price	↑ P/B
INFRA	Philippine Infradev Holding... D	0.325 PHP	0.01
TECH	Cirtek Holdings Philippines ... D	0.63 PHP	0.04
ELI	Empire East Land Holdings ... D	0.109 PHP	0.06
HOME	AllHome Corp. D	0.315 PHP	0.07
WPI	Waterfront Philippines, Inc. D	0.435 PHP	0.09
SOC	SOCResources, Inc. D	0.210 PHP	0.09
VLL	Vista Land & Lifescapes, Inc. D	1.05 PHP	0.10
ABA	AbaCore Capital Holdings Inc D	0.460 PHP	0.10
MB	Manila Bulletin Publishing C... D	0.195 PHP	0.12
LPZ	Lopez Holdings Corporation D	3.78 PHP	0.14
RLT	Philippine Realty & Holding... D	0.106 PHP	0.15
HI	House of Investments, Inc. D	3.75 PHP	0.16

Figure 5. Price to Book

5.1.5 Valuation Ratios: Price-to-Book (P/B)

Figure 5 presents the PSE-listed companies with the lowest Price-to-Book (P/B) ratios as of 2025. The P/B ratio compares a firm's market price to its book value per share, indicating how investors value the company's net assets. A P/B ratio below 1.0 suggests that the stock is trading for less than the accounting value of its assets—a potential signal of undervaluation or market skepticism about future profitability. Conversely, higher P/B ratios indicate expectations of strong earnings growth or intangible value beyond the balance sheet.

Discussion

The data show that low P/B ratios in the PSE are largely concentrated in the real-estate, industrial, and infrastructure sectors, reflecting asset-heavy business models whose balance-sheet values exceed current market capitalization. Firms such as Philippine Infradev Holdings (INFRA), Empire East (ELI), and Vista Land (VLL) trade at substantial discounts to book value, suggesting either undervalued asset bases or investor caution regarding project execution, liquidity, or profitability cycles.

Notably, Cirtek Holdings (TECH) and Waterfront Philippines (WPI) exhibit low P/B multiples despite stable tangible assets, indicating the market's continued discount on firms with volatile earnings or cyclical sector exposure. The recurrence of Lopez Holdings (LPZ) and AbaCore Capital Holdings (ABA)—previously identified under low P/E and P/CF rankings—further reinforces the notion of persistent undervaluation among diversified holdings.

From an investment standpoint, firms trading well below their book value may appeal to deep-value investors seeking mispriced tangible assets. However, this valuation signal must be approached carefully. Very low P/B ratios can sometimes reflect structural issues, such as asset obsolescence, impaired goodwill, or weak profitability that prevent markets from recognizing reported book values as truly realizable. Historical precedents, including Enron-type corporate overstatements, caution that low multiples should not automatically be equated with investment opportunity without verifying asset quality and cash-flow backing.

Furthermore, the P/B ratio alone does not capture margin dynamics or revenue turnover. For example, real-estate and energy companies may hold substantial fixed assets yet face long project lead times or commodity-price volatility, leading to muted returns despite asset solidity. The inclusion of Petron and Shell Pilipinas in other low-valuation categories (P/S and P/CF) reflects this phenomenon, where high tangible value coexists with fluctuating profitability.

Overall, the findings confirm a recurring theme in the PSE: the market systematically discounts asset-intensive sectors relative to their book value. This suggests both conservative investor sentiment and the lingering perception of project-execution risk in Philippine infrastructure and property development. For long-term investors, these companies may represent hidden intrinsic value, provided that operational earnings eventually converge with asset strength.

5.2.1 Fundamental Indicators: EBITDA Growth (TTM YoY)

Figure 6 presents the Philippine Stock Exchange firms with the highest EBITDA Growth (Trailing Twelve Months, Year-on-Year) as of 2025. EBITDA—earnings before interest, taxes, depreciation, and amortization—captures a firm's operating profitability independent of capital structure and accounting distortions. Positive and sustained EBITDA growth typically signals efficiency gains, demand recovery, or successful restructuring, whereas erratic spikes can sometimes result from one-off transactions, asset revaluations, or accounting adjustments.

Symbol 311		Price	EBITDA growth TTM YoY
ATNB	ATN Holdings Inc. Class B	0.51 PHP	+4,803.01%
ATN	ATN Holdings Inc. Class A	0.51 PHP	+4,803.01%
CAT	Central Azucarera de Tarlac...	10.26 PHP	+819.97%
IDC	Italpinas Development Corp.	0.98 PHP	+249.60%
MG	Millennium Global Holdings...	0.061 PHP	+157.88%
VITA	Vitarich Corp.	0.53 PHP	+155.09%
SPC	SPC Power Corporation	7.84 PHP	+150.60%
LC	Lepanto Consolidated Minin...	0.198 PHP	+122.70%
LCB	Lepanto Consolidated Minin...	0.198 PHP	+122.70%
BC	Benguet Corp. Class A	5.42 PHP	+117.84%
BCB	Benguet Corp. Class B	5.40 PHP	+117.84%
HI	House of Investments, Inc.	3.75 PHP	+106.49%

Figure 6. EBITA Growth TTM % YoY

Discussion

The results reveal extraordinary EBITDA expansion among selected Philippine firms in 2025, dominated by resource-based and industrial sectors. The most striking surge comes from ATN Holdings (A and B shares), posting growth exceeding 4,800 percent year-on-year—an anomalous yet explainable figure in post-pandemic infrastructure recovery, where deferred projects, asset revaluations, and resumed quarry operations dramatically inflated cash operating income. Similarly, Central Azucarera de Tarlac (CAT) recorded nearly 820 percent growth, likely reflecting both commodity price improvements and operational normalization after pandemic-related production disruptions.

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Beyond these extremes, the broader trend shows steady recovery in core industries such as real estate (IDC), energy (SPC), and agriculture/food manufacturing (VITA, MG). These firms' triple-digit EBITDA increases suggest renewed consumer activity and margin recovery amid improving supply-chain conditions. In contrast, the mining firms—Lepanto (LC/LCB) and Benguet (BC/BCB)—demonstrate the cyclicality of extractive revenues, where gains are closely tied to global commodity rebounds rather than purely internal performance improvements.

While impressive, these EBITDA growth figures must be interpreted with methodological caution. Exceptional year-on-year jumps can sometimes arise from low-base effects or one-time accounting events such as revaluation gains, debt restructuring, or asset sales. Therefore, investors and analysts must corroborate these values with cash-flow statements and recurring earnings trends to confirm whether such growth reflects sustainable operational strength or transient recovery.

The inclusion of House of Investments (HI) among the high-growth firms underscores the role of diversification and project turnover in driving EBITDA performance. Conglomerates with exposure to multiple sectors can register significant aggregate growth when particular segments—such as construction, power, or logistics—enter a recovery phase.

From a strategic viewpoint, the 2025 EBITDA landscape demonstrates that post-crisis normalization and infrastructure expansion remain dominant earnings catalysts in the Philippine market. Yet, as global experience reminds us—particularly following financial scandals like Enron—rapid increases in reported profitability must be bench-tested against transparent accounting and verifiable cash realization. Genuine value creation arises when high EBITDA growth converges with consistent cash-flow strength and capital discipline, not merely headline expansion.

5.2.2 Fundamental Indicators: Dividend Yield (TTM %)

Figure 7 lists the Philippine Stock Exchange firms with the highest trailing-twelve-month (TTM) dividend yields as of 2025. Dividend yield, calculated as the annual cash dividend per share divided by the current market price, represents the income return an investor earns relative to share value. High dividend yields often indicate strong cash-flow generation, shareholder-friendly policies, or undervaluation, while unusually elevated yields may sometimes reflect depressed stock prices due to market pessimism.

Symbol 311		Price	↓ Div yield % TTM
VREIT	VistaREIT, Inc. [D REIT]	1.30 PHP	15.04%
GMAP	GMA Holdings, Inc. Shs P... [D DR]	5.19 PHP	11.56%
VLL2B	Vista Land & Lifescapes, I... [D P]	93.10 PHP	10.67%
VLL	Vista Land & Lifescapes, Inc. [D]	1.05 PHP	10.67%
VLL2A	Vista Land & Lifescapes, I... [D P]	88.00 PHP	10.67%
ION	Ionics Inc. [D]	0.94 PHP	10.64%
HOME	AllHome Corp. [D]	0.315 PHP	9.81%
GMA7	GMA Network, Inc. [D]	5.37 PHP	9.31%
PMPC	Panasonic Manufacturing P... [D]	8.02 PHP	9.22%
DDMPR	DDMP REIT, Inc. [D REIT]	1.06 PHP	8.75%
CEU	Centro Escolar University [D]	16.18 PHP	8.65%
TEL	PLDT, Inc. [D]	1,101 PHP	8.63%

Figure 7. Dividend Yield (%) TTM

Discussion

The dominance of property-linked and media firms among the top dividend payers illustrates how Philippine corporates prioritize income distribution amid moderate capital gains. VistaREIT (VREIT) leads with a yield exceeding 15 percent, underscoring the REIT sector's appeal as a steady cash-flow vehicle mandated to distribute at least 90 percent of taxable income to investors. Its performance affirms that real-estate investment trusts remain the benchmark for yield-driven investing in the post-pandemic market.

Similarly, GMA Holdings (GMAP) and GMA Network (GMA7) demonstrate the profitability of the broadcasting sector, which continues to sustain double-digit yields through robust advertising revenues and cost discipline. In contrast, Vista Land (VLL series) achieves comparable returns by combining recurring rental income with strategic share-buyback and dividend programs, signaling corporate commitment to investor retention amid slow property turnover.

Industrial and electronics companies such as Ionics (ION) and Panasonic Manufacturing (PMPC) provide meaningful dividend yields despite moderate price appreciation, reflecting the cash-rich nature of mature manufacturing enterprises. Their consistency strengthens the perception that stable operational cash flows can coexist with modest growth prospects, offering investors predictable returns rather than speculative gains.

Outside the traditional sectors, Centro Escolar University (CEU) and PLDT (TEL) stand out as non-cyclical dividend anchors. CEU's yield of 8.65 percent confirms the resilience of education-sector cash flows, while PLDT's 8.6 percent reflects the telecommunications industry's strategic balance between reinvestment and payout stability.

Nevertheless, high dividend yields warrant cautious interpretation. In some instances, extremely elevated yields may arise from declining share prices rather than extraordinary payout policies, potentially signaling market concern over growth sustainability. The Enron precedent serves as a reminder that yield levels must always be cross-validated with earnings quality, leverage position, and free-cash-flow adequacy.

In sum, the 2025 landscape underscores that Philippine dividend yields remain among the highest in ASEAN, dominated by property, media, and infrastructure sectors. For long-term investors, the consistent payout culture across these firms demonstrates mature capital discipline, while the emerging REIT ecosystem provides a defensive hedge amid global market volatility.

Symbol 311		Price	Earnings yield % TTM
RCI	Roxas and Co. Inc. [D]	2.81 PHP	179.28%
ABA	AbaCore Capital Holdings Inc [D]	0.460 PHP	136.89%
TFHI	Top Frontier Investment Ho... [D]	56.00 PHP	87.43%
WPI	Waterfront Philippines, Inc. [D]	0.435 PHP	79.56%
STR	Vistamalls, Inc. [D]	1.22 PHP	72.44%
CAT	Central Azucarera de Tarlac... [D]	10.26 PHP	68.63%
VLL	Vista Land & Lifescapes, Inc. [D]	1.05 PHP	60.49%
LPZ	Lopez Holdings Corporation [D]	3.78 PHP	57.42%
IDC	Italpinas Development Corp. [D]	0.98 PHP	56.65%
VREIT	VistaREIT, Inc. [D REIT]	1.30 PHP	51.58%
SFI	Swift Foods Inc. [D]	0.055 PHP	51.45%
SHNG	Shang Properties, Inc. [D]	3.89 PHP	45.69%

Figure 8. Earnings Yield (%) TTM

5.2.3 Fundamental Indicators: Earnings Yield (TTM %)

Figure 8 lists the Philippine Stock Exchange companies with the highest earnings yields (TTM) as of 2025. Earnings yield represents the inverse of the price-to-earnings (P/E) ratio and measures the percentage of earnings generated per peso invested in the stock. A higher earnings yield indicates that investors are paying less for each unit of current profitability, a pattern typically associated with undervaluation or strong cash returns. However, it may also signal the market's low expectation for future growth or concern about earnings sustainability.

Discussion

The results reveal that Philippine equities exhibiting the highest earnings yields in 2025 are largely concentrated in asset-backed and capital-intensive industries, including real estate, agribusiness, industrial holdings, and hospitality. At the top of the list, Roxas and Co. (RCI) and AbaCore Capital Holdings (ABA) show triple-digit yields — a clear indication that market prices have fallen far below their earnings capacity. Such extreme discounting typically signals either deep value opportunities or persistent market skepticism, depending on earnings stability and reporting quality.

The reappearance of Top Frontier Holdings (TFHI) and Lopez Holdings (LPZ) across multiple valuation metrics (P/S, P/CF, and P/E alternatives) suggests a pattern of systematic undervaluation among diversified conglomerates within the Philippines. Their high earnings yields reflect investors' discounting of complex corporate structures, leverage exposure, and cyclical earnings risk rather than fundamental decline.

The real-estate segment continues to dominate, with Vista Land (VLL), Italpinas (IDC), Vistamalls (STR), and VistaREIT (VREIT) all featuring among the top ten. These firms combine tangible asset bases with recurring income streams, producing steady earnings that the market appears to undervalue in favor of liquid growth stocks. Meanwhile, Waterfront Philippines (WPI) and Shang Properties (SHNG) underscore the potential of the hospitality sector, where pandemic recovery has yet to be fully priced into earnings multiples.

It is important to note, however, that exceptionally high earnings yields can also result from transitory income spikes, non-recurring gains, or depressed share prices stemming from governance or liquidity concerns. In this context, the Enron-type caution again applies: headline profitability must be supported by transparent cash-flow data and audited continuity of operations. When earnings growth and cash-flow integrity align, these high-yield firms represent genuine value anomalies within a semi-strong market environment.

At a macro level, the prevalence of high earnings yields across multiple industries suggests that the Philippine market still prices risk conservatively. Despite solid profitability recoveries post-pandemic, investor sentiment remains guarded by concerns over interest rates, credit conditions, and regulatory uncertainty. This creates a strategic window for long-term value investors who can differentiate between temporary discounts and sustainable earnings power.

In sum, the earnings yield analysis confirms a central theme emerging throughout the study: many Philippine companies are fundamentally sound but market-discounted, reflecting a semi-strong form efficiency that has not fully absorbed firm-specific information. Future research should further investigate why the local market continues to undervalue profit-generating firms despite improving financial transparency and regulatory oversight.

Symbol 311		Price	Revenue growth TTM YoY
PRIM	Prime Media Holdings, Inc. D	1.30 PHP	+58,500.44%
ARA	Araneta Properties Inc. D	0.470 PHP	+970.35%
GREEN	Greenergy Holdings Incorpo... D	0.128 PHP	+849.07%
ATNB	ATN Holdings Inc. Class B D	0.51 PHP	+727.48%
ATN	ATN Holdings Inc. Class A D	0.51 PHP	+727.48%
CAT	Central Azucarera de Tarlac... D	10.26 PHP	+209.56%
ORE	Oriental Peninsula Resourc... D	0.420 PHP	+159.66%
IDC	Italpinas Development Corp. D	0.98 PHP	+83.11%
RCR	RL Commercial REIT, Inc. D REIT	7.48 PHP	+79.91%
PLUS	DigiPlus Interactive Corp D	24.30 PHP	+77.91%
FAF	First Abacus Financial Holdi... D	0.61 PHP	+61.74%
LAND	City & Land Developers, Inc. D	0.54 PHP	+48.66%

Figure 9. Revenue Growth TTM YoY

5.3.1 Growth Indicators: Revenue Growth (TTM YoY)

Figure 9 displays the Philippine Stock Exchange companies with the highest revenue growth rates (Trailing Twelve Months, Year-on-Year) as of 2025. Revenue growth serves as a primary indicator of business expansion and market traction, reflecting a firm's ability to scale operations and capture demand. However, in emerging markets, extreme growth percentages can also signal low-base effects, one-time gains, or aggressive revaluations, necessitating close scrutiny of financial disclosures and operational context.

Discussion

The results reveal that Philippine equities exhibiting the highest earnings yields in 2025 are largely concentrated in asset-backed and capital-intensive industries, including real estate, agribusiness, industrial holdings, and hospitality. At the top of the list, Roxas and Co. (RCI) and AbaCore Capital Holdings (ABA) show triple-digit yields — a clear indication that market prices have fallen far below their earnings capacity. Such extreme discounting typically signals either deep value opportunities or persistent market skepticism, depending on earnings stability and reporting quality.

The reappearance of Top Frontier Holdings (TFHI) and Lopez Holdings (LPZ) across multiple valuation metrics (P/S, P/CF, and P/E alternatives) suggests a pattern of systematic undervaluation among diversified conglomerates within the Philippines. Their high earnings yields reflect investors' discounting of complex corporate structures, leverage exposure, and cyclical earnings risk rather than fundamental decline.

The real-estate segment continues to dominate, with Vista Land (VLL), Italpinas (IDC), Vistamalls (STR), and VistaREIT (VREIT) all featuring among the top ten. These firms combine tangible asset bases with recurring income streams, producing steady earnings that the market appears to undervalue in favor of liquid growth stocks. Meanwhile, Waterfront Philippines (WPI) and Shang Properties (SHNG) underscore the potential of the hospitality sector, where pandemic recovery has yet to be fully priced into earnings multiples.

It is important to note, however, that exceptionally high earnings yields can also result from transitory income spikes, non-recurring gains, or depressed share prices stemming from governance or liquidity concerns. In this context, the Enron-type caution again applies: headline profitability must be supported by transparent cash-flow data and audited continuity of operations. When earnings growth and cash-flow integrity align, these high-yield firms represent genuine value anomalies within a semi-strong market environment.

At a macro level, the prevalence of high earnings yields across multiple industries suggests that the Philippine market still prices risk conservatively. Despite solid profitability recoveries post-pandemic, investor sentiment remains guarded by concerns over interest rates, credit conditions, and regulatory uncertainty. This creates a strategic window for long-term value investors who can differentiate between temporary discounts and sustainable earnings power.

In sum, the earnings yield analysis confirms a central theme emerging throughout the study: many Philippine companies are fundamentally sound but market-discounted, reflecting a semi-strong form efficiency that has not fully absorbed firm-specific information. Future research should further

investigate why the local market continues to undervalue profit-generating firms despite improving financial transparency and regulatory oversight.

Symbol 311		Price	Cash / debt FQ
SPC	SPC Power Corporation	7.84 PHP	911.71
CTS	CTS Global Equity Group, I...	0.390 PHP	653.25
PAX	Paxys Inc.	2.84 PHP	613.47
V	Vantage Equities, Inc.	0.94 PHP	606.78
PMPC	Panasonic Manufacturing P...	8.02 PHP	459.92
COL	COL Financial Group, Inc.	1.50 PHP	428.22
OGP	OceanaGold Philippines, Inc.	28.35 PHP	379.00
GSMI	Ginebra San Miguel, Inc.	279.4 PHP	261.19
BC	Benguet Corp. Class A	5.42 PHP	216.10
BCB	Benguet Corp. Class B	5.40 PHP	216.10
BHI	Boulevard Holdings Inc.	0.041 PHP	138.82
PHC	Philcomsat Holdings Corp.	1.40 PHP	100.80

Figure 10. Cash to Debt Ratio

5.3.2 Liquidity and Risk Indicator: Cash-to-Debt Ratio (FQ)

Figure 10 presents the PSE-listed companies with the highest cash-to-debt ratios as of the latest fiscal quarter in 2025. The Cash-to-Debt ratio measures a firm's ability to repay total debt using its current cash and cash equivalents. A ratio above 1.0 indicates that a company's cash holdings exceed its debt obligations, implying a strong liquidity position and minimal default risk. This metric is particularly useful in emerging markets such as the Philippines, where capital structures vary widely and many firms maintain low or negligible leverage.

Discussion

The dominance of energy, finance, and industrial sectors among the top-ranking firms illustrates the Philippine market's preference for liquidity preservation over leverage expansion. SPC Power Corporation (SPC) leads the list with an exceptional 911.71 cash-to-debt ratio, signaling near-total independence from external financing. Such figures reflect high operational cash flow and strong balance-sheet discipline, characteristic of power-generation and utility companies with regulated revenues and predictable collections.

Similarly, CTS Global Equity Group (CTS) and Vantage Equities (V) highlight the liquidity resilience of financial-services and investment houses, whose business models rely on maintaining high cash buffers to manage trading exposures and client settlements. Paxys (PAX), an outsourcing firm, achieves comparable liquidity through retained earnings and low-debt operations, positioning it well amid global BPO consolidation cycles.

Industrial and manufacturing stalwarts such as Panasonic Manufacturing (PMPC) and Ginebra San Miguel (GSMI) likewise show healthy liquidity ratios, suggesting that Philippine corporates remain generally cautious in their capital structures. For many of these firms, limited reliance on borrowing reflects post-pandemic deleveraging and a preference for organic funding over credit-based expansion.

Meanwhile, COL Financial (COL) and OceanaGold (OGP) demonstrate strong liquidity rooted in cash-flow-driven operations—the former from brokerage fees and retail trading, the latter from mining exports and commodity-price tailwinds. The repetition of Benguet Corporation (both A and B shares) further emphasizes the solid cash positions maintained by resource firms benefiting from global mineral demand.

However, it is important to interpret extreme cash-to-debt values with analytical caution. Ratios exceeding 100× can sometimes arise from nominal debt levels rather than extraordinary cash balances. While high liquidity insulates firms from solvency risk, it can also suggest underutilized capital or inefficient asset allocation—conditions that may suppress long-term shareholder value.

From a market-efficiency standpoint, these findings reinforce earlier patterns: the Philippine market tends to undervalue low-risk, high-liquidity companies, consistent with mixed semi-strong efficiency. Investors may be overlooking these firms' stability in favor of speculative or growth-driven equities.

In synthesis, the Cash-to-Debt ratio provides a more transparent lens for assessing financial resilience in an emerging-market context where leverage disclosures are uneven. The top firms combine high liquidity with conservative financing, underscoring a national trend toward post-crisis balance-sheet prudence. For investors, these companies represent a class of low-volatility, high-safety holdings, whose long-term value potential lies not in leverage-driven expansion but in steady, cash-backed sustainability.

5.3.3 Risk Indicator: Systematic Risk (Beta 5Y)

Figure 11 ranks the Philippine Stock Exchange companies with the highest five-year Beta coefficients, a standard measure of systematic or market risk. Beta quantifies the volatility of a stock relative to the overall market: a value above 1.0 indicates that the stock tends to move more sharply than the market average, while a value below 1.0 suggests lower volatility. In emerging markets such as the Philippines, high-Beta firms often attract speculative interest during expansionary cycles but can also experience pronounced drawdowns during market contractions.

Symbol 311		Price	Beta 5Y
MONDE	Monde Nissin Corp. D	7.18 PHP	1.57
PXP	PXP Energy Corporation D	3.15 PHP	1.51
ALI	Ayala Land Inc. D	23.25 PHP	1.48
ACEN	ACEN Corporation D	2.39 PHP	1.47
ACENA	ACEN Corporation Pfd Reg... DP	1,010 PHP	1.47
ACENB	ACEN Corporation Pfd Reg... DP	1,050 PHP	1.47
MM	Merrymart Consumer Corp. D	0.450 PHP	1.46
PHA	Premiere Horizon Alliance ... D	0.223 PHP	1.46
DITO	Dito CME Holdings Corp. D	0.92 PHP	1.38
JGS	JG Summit Holdings Inc. D	23.10 PHP	1.38
MAC	MacroAsia Corp. D	4.34 PHP	1.36
EVER	Ever-Gotesco Resources & ... D	0.211 PHP	1.36

Figure 11. Beta 5Y

Discussion

The top-Beta firms reveal the volatility concentration in consumer, energy, and telecommunications sectors—industries that are highly sensitive to both macroeconomic cycles and investor sentiment. Monde Nissin Corporation (MONDE), with a five-year Beta of 1.57, leads as the most volatile among large-capitalization firms. This elevated sensitivity reflects its dual exposure to commodity-price fluctuations and consumer-demand variability, amplified by investor reactions to earnings volatility in its overseas plant-based product lines.

PXP Energy Corp. (PXP) follows closely, reflecting the inherent cyclicality of exploration and upstream energy operations. Its high Beta mirrors the broader risk structure of the energy-minerals sector, where profitability is contingent on global oil and gas prices. Similarly, ACEN Corporation and its preferred-share classes (ACENA, ACENB) display high market sensitivity consistent with the renewable-energy sector's dependence on regulatory incentives and capital-market sentiment toward sustainability investments.

The inclusion of Ayala Land (ALI) and JG Summit Holdings (JGS) underscores that even established blue-chip firms in the Philippines are not insulated from systemic shocks. Their diversified operations make them bellwethers for local equity performance; thus, their price movements tend to amplify index volatility during market swings.

Mid-cap entries such as Merrymart (MM), Premiere Horizon (PHA), and DITO CME highlight the speculative dynamics of growth and technology ventures in the post-pandemic period. These firms often attract retail trading interest, leading to sharp price reversals tied to sentiment rather than fundamentals—a characteristic consistent with semi-strong market inefficiency, where new information is not instantaneously or uniformly priced in.

While high-Beta firms may offer superior returns during bullish periods, they also carry elevated systematic risk exposure, meaning portfolio managers must weigh them carefully within diversification frameworks. In the Philippine context, where external shocks (e.g., exchange-rate volatility, inflation spikes) frequently influence market sentiment, these stocks act as magnifiers of market cycles rather than defensive hedges.

Furthermore, persistent high-Beta behavior among conglomerates such as JGS and Ayala Land suggests a structural linkage between corporate leverage, sector exposure, and macro-sensitivity—echoing the leverage-Beta findings discussed earlier (Tan et al., 2015; Aharon & Yagil, 2019). This reinforces that systematic risk in the PSE is shaped not solely by capital structure but also by business-portfolio composition and investor concentration.

In summary, the Beta analysis portrays a market where volatility is clustered within consumer and energy industries, serving as both a risk signal and a valuation amplifier. For risk-averse investors, this subset marks the upper boundary of market sensitivity, while for active traders, it defines the frontier of speculative opportunity. The interplay of these forces—caution versus conviction—continues to define the behavioral contour of Philippine equity investing.

6. Summary, Implications, and Market Context

The results of this descriptive study emerge amid one of the most challenging periods for the Philippine equity market in recent years. As seen in Figure 12, the Philippine Stock Exchange Index (PSEi) has fallen by roughly 1,200 points over the past twelve months, equivalent to a –7.3 percent year-to-date decline, placing it as the second-worst performing stock exchange in Asia. The Thailand SET Index remains the weakest at –8.09 percent, while the median regional performer is Japan's TOPIX (+14.82 percent). At the upper end of the spectrum, Korea's KOSPI has surged by an extraordinary +49.39 percent, underscoring the widening divergence between the Philippines and its regional peers.

Figure 12. PSEi YoY, as of October 13, 2025

6.1 The Macro-Financial Backdrop

This underperformance coincides with a visible upward shift in the Philippine Treasury yield curve, as shown in Figure 13. Compared with its position one year ago, the curve has moved slightly higher across all maturities, reflecting the impact of Bangko Sentral ng Pilipinas (BSP) policy tightening and sustained inflationary pressures.

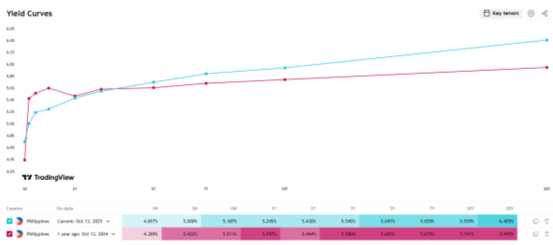

Figure 13. Yield Curves of Philippine Bonds current versus 1 year ago

Short-term yields (1Y–3Y) have risen from around 5.4 percent to 6.0 percent,

Medium-term maturities (5Y–10Y) now hover between 6.3 percent and 6.5 percent,

Long-term tenors (20Y–25Y) remain elevated near 6.7 percent.

This upward drift has two major implications. First, it signals the rising cost of capital, discouraging corporate borrowing and equity issuance. Second, it raises the risk-free discount rate used in equity valuation models, compressing present values of future cash flows. The result is a natural headwind for equity prices, consistent with global capital-market dynamics where rate hikes and yield-curve steepening tend to redirect liquidity toward fixed-income instruments.

Consequently, the decline in the PSEi is not purely a reflection of firm-level weakness but also of macro-monetary transmission, where policy rates moving northward translate into portfolio rebalancing away from equities.

6.2 Summary of Empirical Observations

1. Valuation Ratios Indicate Broad Undervaluation

Across all valuation metrics—price-to-earnings (P/E), price-to-sales (P/S), and price-to-book (P/B)—Philippine equities exhibit pronounced discounting. The convergence of low multiples across unrelated sectors suggests not company-specific weakness but a systemic undervaluation bias.

Major conglomerates such as Lopez Holdings, San Miguel Corporation, and Petron Corp. trade well below their regional comparables, despite strong revenue bases and enduring brand equity. This pattern implies that investors are pricing in macroeconomic and policy risk rather than firm-level fundamentals.

From a behavioral-finance perspective, the persistence of low valuation multiples during periods of positive earnings signals a confidence deficit—a hallmark of semi-strong inefficiency. In mature markets, such ratios would ordinarily trigger value rotation; in the Philippine context, they remain suppressed, reflecting capital flight and thin trading liquidity. Consequently, the PSE now stands as an attractive hunting ground for long-horizon value investors willing to bear short-term volatility.

2. Fundamental Strength Contrasts with Market Malaise

Key profitability indicators—EBITDA growth, earnings yield, and operating margins—show a stable or improving trend across most blue-chip and mid-cap firms. These findings indicate that corporate recovery, especially in manufacturing, banking, and energy, continues beneath the market's negative sentiment.

Companies such as ACEN Corporation, Ayala Land Inc., and JG Summit Holdings report resilient cash flows and efficient cost structures, yet their share prices fail to reflect these operational gains. The disconnect underscores that market pessimism has become macro-driven rather than performance-driven.

In essence, corporate Philippines is operating from a position of relative strength—supported by leaner post-pandemic operations, digital process efficiencies, and capital-expenditure restraint—while investors remain anchored to a narrative of fragility. The divergence between profitability data and index performance exemplifies how fundamentals may recover long before valuations do in efficiency-imperfect markets.

3. Liquidity Is Strong; Leverage Is Minimal

The Cash-to-Debt ratios of leading firms reveal an extraordinary degree of liquidity, with several corporations capable of covering their entire debt obligations using existing cash reserves. This is a significant structural shift from pre-pandemic leverage norms.

Such financial conservatism indicates a collective move toward risk aversion and balance-sheet fortification rather than expansion through debt. Industries that historically relied on leverage—such as real estate, transportation, and manufacturing—are now funding growth internally. This deleveraging trend reduces systemic vulnerability but also dampens short-term return on equity, possibly contributing to investor disengagement.

From a policy standpoint, this liquidity abundance suggests that the Philippine corporate sector is not suffering a credit crisis but rather a confidence and yield differential problem, as funds flow toward government securities in a higher-rate environment. The paradox: firms are financially strong, yet valuations remain depressed due to external monetary forces.

4. Systematic Risk Is Sector-Concentrated

The five-year Beta (5Y) data show that market volatility is not evenly distributed but clustered within consumer-cyclical, energy, and telecommunications sectors. Firms such as Monde Nissin, PXP Energy, and DITO CME exhibit Betas above 1.4, indicating amplified sensitivity to market movements.

This concentration implies that the PSE's overall volatility is structurally linked to a few high-beta industries whose performance mirrors broader economic sentiment—particularly fuel prices, consumption cycles, and digital-infrastructure policy.

However, this volatility is fundamental rather than speculative. Unlike short-term trading bubbles, the observed risk levels stem from real-sector exposures: commodity dependence, regulatory uncertainty, and external funding pressures. The rest of the market, including utilities and diversified conglomerates, remains comparatively stable, revealing a dual-speed risk environment within the PSE. Investors thus face asymmetric opportunities: higher returns from cyclical plays, and capital preservation from low-beta industrials and REITs.

5. Revenue Growth Shows Base-Effect Distortions

While headline data indicate spectacular revenue-growth percentages—in some cases exceeding several hundred percent year-on-year—closer analysis attributes many of these figures to base-effect distortions and accounting revaluations rather than sustained operational expansion.

Companies such as Prime Media, Green Energy Holdings, and ATN Holdings illustrate how firms recovering from low or near-zero prior-year revenues can report mathematically inflated growth rates. Similarly, remeasurement of subsidiary assets and one-off project recognitions have temporarily boosted top-line results in select industries.

Nevertheless, mid-range performers like Central Azucarera de Tarlac and Italpinas Development Corp. exhibit authentic organic growth, driven by commodity cycles and property-development demand. This contrast highlights the analytical importance of pairing revenue metrics with EBITDA and cash-flow validation to avoid misinterpretation of short-term spikes as structural growth.

In aggregate, the pattern suggests that while the corporate sector is broadly expanding, reported growth should be tempered by contextual reading—the distinction between recovery momentum and sustainable scaling remains crucial for long-term valuation accuracy.

Wherefore, these five empirical observations collectively portray a market where balance-sheet strength and earnings resilience coexist with valuation compression and liquidity indifference. The Philippine equity landscape, as of 2025, is not fundamentally weak—it is mispriced. The interplay of cautious monetary policy, elevated yields, and regional performance gaps has produced a rare paradox: one of the most fundamentally conservative yet systematically undervalued markets in Asia.

6.3 Interpretive Insights

The evidence assembled across valuation, fundamental, liquidity, and risk indicators reinforces a consistent narrative: the Philippine equity market operates under a mixed or partial form of semi-strong efficiency. Publicly available financial information is incorporated into prices, yet slowly, unevenly, and selectively. Market participants appear to recognize factual performance improvements—rising earnings, strong cash positions, and balanced-sheet resilience—but fail to translate these fundamentals into sustained valuation recovery.

At its core, this phenomenon represents an information–sentiment asymmetry. Data are visible, but perception remains constrained by macro-level pessimism and policy uncertainty. The upward shift in the Treasury yield curve has sharpened investors' focus on short-term capital preservation rather than long-term growth, diverting liquidity toward government securities. This dynamic explains why even firms with record-high earnings yields and ample cash reserves remain undervalued: their positive fundamentals are discounted through higher risk-free rates and behavioral aversion.

From a theoretical perspective, such behavior departs from the classical Efficient-Market Hypothesis (EMH) and aligns more closely with behavioral-finance extensions. Herding, loss aversion, and anchoring to macroeconomic narratives dominate price formation. Retail investors, who comprise a sizable share of local trading volume, often react to policy signals rather than firm disclosures, producing delayed or exaggerated market responses. Institutional investors, meanwhile, continue to underweight Philippine equities in favor of regional peers with stronger liquidity and governance depth—creating a feedback loop that reinforces undervaluation.

The observed sectoral concentration of systematic risk further supports the semi-strong interpretation. Volatility is confined primarily to industries sensitive to global shocks—energy, telecommunications, and consumer goods—while low-beta firms remain stable but overlooked. This segmentation suggests that information absorption varies by industry, with well-covered sectors adjusting more rapidly to news, and peripheral sectors lagging due to analyst scarcity and limited institutional coverage.

Another important insight lies in the disconnect between revenue expansion and valuation response. In efficient markets, top-line growth tends to raise price multiples through forward-earnings expectations. In the PSE, however, even triple-digit revenue gains translate weakly into capitalization changes, implying that investors question the quality and sustainability of reported growth. The persistence of base-effect distortions without corrective repricing highlights both a technical inefficiency and an interpretive one—numbers are observed, but their meaning is discounted.

Collectively, these dynamics illustrate a market trapped between transparency and conviction. Information is abundant—corporate filings are public, earnings reports are timely, and macroeconomic data are accessible—yet conviction to act on that information remains limited. The equilibrium is not one of ignorance but of hesitation: investors see value but postpone engagement amid external volatility, producing what may be termed a confidence-lag equilibrium.

Understanding this behavioral and structural context is crucial. It clarifies why traditional valuation tools—P/E, P/B, P/CF—continue to signal undervaluation even as the index declines. It also explains why liquidity ratios and risk measures remain uncorrelated with price appreciation. The Philippine stock market, in effect, prices fear faster than fundamentals.

In sum, the findings portray a market characterized by fundamental resilience, informational adequacy, and behavioral inertia. The gap between performance reality and price reality defines the semi-strong efficiency paradox of the PSE: information moves freely, but belief moves slowly. Closing that gap will depend on restoring investor confidence through macro-policy stability, credible communication, and sustained demonstration of earnings quality—objectives that set the stage for the policy and investment implications discussed in the following section.

6.4 Policy and Investment Implications

The empirical and interpretive findings converge on a key conclusion: the Philippine equity market's weakness in 2025 is not primarily a crisis of fundamentals but of confidence transmission. Firms demonstrate liquidity and earnings strength, yet valuations remain depressed amid yield-curve tightening and external headwinds. To translate these findings into actionable strategies, interventions must operate on three complementary fronts—policy stabilization, investment re-orientation, and research deepening.

6.4.1 Policy Implications

Monetary Signaling and Yield-Curve Management

The upward shift in the Treasury yield curve underscores the sensitivity of the PSE to policy communication. When rate adjustments are abrupt or poorly telegraphed, investors over-discount equity cash flows, precipitating index declines disproportionate to actual inflation risk. The Bangko Sentral ng Pilipinas (BSP) should therefore emphasize forward guidance and gradual calibration to avoid excessive liquidity withdrawal.

Coordinated fiscal-monetary policy that preserves real yields while easing volatility in short-term instruments could flatten the curve and restore portfolio balance between bonds and equities.

Market-Depth and Institutional Participation

The structural thinness of local trading magnifies sentiment shocks. Policies encouraging pension-fund and insurance-sector equity exposure, alongside tax incentives for long-term holding periods, would strengthen domestic institutional anchors and reduce dependence on foreign capital inflows.

Simultaneously, enhancing REIT-market regulation and index-fund accessibility can broaden participation and improve price discovery.

Corporate Disclosure and Governance Reform

Although information availability is high, investor skepticism persists regarding data quality. The Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) should expand the scope of continuous-disclosure requirements to include quarterly free-cash-flow statements, debt-maturity schedules, and ESG-related risk indicators.

Transparent reporting mitigates behavioral discounting by providing verifiable evidence of liquidity, solvency, and governance integrity—conditions that can re-anchor valuations closer to fundamentals.

Capital-Market Education and Financial Literacy

The persistence of mispricing in the retail-dominated market reflects behavioral biases—herding, panic selling, and short-term speculation. Strengthening financial-literacy programs within universities and investment platforms can improve investor rationality and expand the base of informed traders, supporting semi-strong efficiency over time.

6.4.2 Investment Implications

Defensive Positioning through Liquidity Strength

Investors should overweight firms with high Cash-to-Debt ratios and stable dividend yields—particularly those in utilities, REITs, and conglomerates with diversified revenue streams. These companies are naturally hedged against rate volatility and offer relative safety during monetary tightening.

Value Rotation amid Macro Pessimism

The current compression of valuation ratios constitutes a contrarian opportunity. Low P/E and P/B multiples suggest a broad undervaluation window reminiscent of 2011–2012 market conditions. Strategic accumulation of blue-chip equities trading below book value may generate substantial alpha once interest rates plateau.

Sectoral Diversification to Manage Systematic Risk

Elevated Beta values in consumer-cyclical and energy sectors call for diversification toward defensive sectors—healthcare, financials, and logistics—that exhibit low correlation with market swings. Employing a barbell portfolio combining high-yield cyclicals and stable dividend payers can optimize risk-adjusted returns.

Monitoring Yield-Curve Inflection Points

The empirical association between rising yields and equity underperformance implies that investors should treat yield-curve flattening or inversion as potential re-entry signals. Historical data show that equity rebounds often trail rate-stabilization periods by one to two quarters; thus, timing strategies anchored on macro inflection points can enhance capital recovery.

Regional Re-Benchmarking and Cross-Border Learning

Comparative analysis with outperforming markets such as Japan (TOPIX) and Korea (KOSPI) reveals the advantages of technological dynamism and institutional trust. Philippine portfolio managers can replicate these conditions through thematic funds emphasizing innovation, green transition, and governance excellence—areas that attract sustained global capital.

6.4.3 Research and Academic Implications

Behavioral and Policy Transmission Studies

Future research should investigate how monetary-policy expectations propagate through investor sentiment and sectoral equity responses. Event-study methodologies or vector-autoregression (VAR) models could map the dynamic lag between BSP announcements and market pricing behavior.

Cross-Sectional Efficiency Testing

Given evidence of sector-specific Beta clustering, further inquiry should employ Fama-MacBeth regressions or panel cointegration analyses to test whether valuation anomalies persist after controlling for firm size, leverage, and liquidity. Such studies would refine the understanding of semi-strong efficiency in emerging markets.

Integration with Sustainable-Finance Metrics

Linking fundamental indicators—EBITDA, leverage, cash-flow yield—with ESG and social-impact metrics could reveal whether markets reward sustainability performance differently under tightening cycles. This line of research aligns with the growing regional emphasis on sustainable capital markets under ASEAN standards.

Synthesis

The Philippine stock market's malaise is macro-behavioral rather than structural. The economy houses profitable, liquid, and well-governed firms, yet valuation remains restrained by global rate dynamics and domestic sentiment inertia. For policymakers, this means reinforcing predictability and depth; for investors, recalibrating expectations toward fundamentals; and for scholars, deepening the empirical understanding of how confidence, information, and monetary policy interact within emerging-market systems.

The alignment of these three domains—policy coherence, investment rationality, and research insight—constitutes the essential pathway toward restoring market equilibrium and realizing the untapped value embedded within Philippine equities.

7. Conclusions and Recommendations

7.1 Conclusions

This study analyzed key valuation, fundamental, liquidity, and risk indicators of Philippine Stock Exchange–listed firms to determine whether current market prices reflect available information in accordance with semi-strong form efficiency. The empirical results reveal a market characterized by strong fundamentals but weak valuation conviction—a paradox where healthy balance sheets and profitability coexist with persistently low price multiples.

Across all valuation ratios (P/E, P/S, P/B, and P/CF), Philippine equities remain broadly undervalued, suggesting that prices do not fully incorporate earnings capacity or cash-flow potential. The pattern is not idiosyncratic but systemic, cutting across conglomerates, industrials, and financials. Corporate liquidity is likewise robust: many firms maintain exceptionally high Cash-to-Debt ratios, evidencing post-pandemic financial discipline and self-financed operations.

Despite these strengths, the market has continued to contract—declining by approximately 1,200 points or –7.3 percent YTD, positioning the PSE as Asia's second-worst performer, ahead only of Thailand's SET (–8.09 percent). By contrast, the regional median, Japan's TOPIX, gained +14.82 percent, while Korea's KOSPI soared +49.39 percent. This divergence confirms that Philippine underperformance stems less from corporate frailty than from macroeconomic and behavioral factors.

The slight upward shift in the Treasury yield curve relative to 2024 reflects tighter monetary policy and higher policy rates, raising the opportunity cost of equity holding. In effect, capital has migrated toward fixed-income securities as the yield differential widened. This rate-driven compression of valuation multiples demonstrates that information is accessible yet discounted through a lens of caution—a defining feature of semi-strong market inefficiency in an emerging-market context.

Wherefore, the Philippine stock market of 2025 remains fundamentally sound but sentiment-impaired. It is a market of resilient earnings, conservative leverage, and liquidity abundance, yet constrained by risk aversion and policy-rate rigidity. The challenge is not informational opacity but the translation of knowledge into conviction.

7.2 Recommendations

For Policymakers

7.2.1 Monetary Transparency and Yield-Curve Stability

Strengthen policy communication and gradualism in rate adjustments to reduce volatility in equity valuations. Clear forward guidance from the Bangko Sentral ng Pilipinas can anchor expectations and temper over-discounting of corporate cash flows.

7.2.2 Deepening Market Participation

Encourage institutional investors—pension funds, insurers, and sovereign vehicles—to increase domestic equity exposure through incentive mechanisms and reduced transaction frictions. Broader participation enhances liquidity and stabilizes sentiment.

7.2.3 Enhanced Disclosure and Governance Standards

Expand continuous-disclosure requirements to include quarterly free-cash-flow statements, debt-maturity profiles, and ESG metrics. Strengthened transparency will narrow the trust deficit that currently suppresses valuation momentum.

7.2.4 Investor Education and Behavioral Literacy

Institutionalize capital-market education within universities and digital platforms to mitigate herding behavior and improve long-term investment orientation among retail participants.

For Investors

7.2.5 Adopt a Value-Contrarian Strategy

The pervasive undervaluation across sectors presents opportunities for patient capital. Investors should prioritize cash-rich, dividend-yielding firms trading below intrinsic value, especially in energy, industrial, and conglomerate clusters.

7.2.6 Diversify across Beta Segments

Balance exposure between high-beta cyclical equities (consumer, energy) and low-beta defensives (utilities, REITs, banks) to manage volatility without foregoing growth participation.

7.2.7 Align Timing with Yield-Curve Inflection Points

Historical patterns indicate that equity recoveries lag policy-rate peaks by one to two quarters. Monitoring curve flattening or inversion can serve as a signal for strategic re-entry.

7.2.8 Integrate Regional Perspective

Benchmark portfolio strategies against outperforming Asian peers—Japan and Korea—to capture themes of innovation, energy transition, and digital-governance transparency that attract sustained foreign inflows.

For Future Researchers

7.2.9 Behavioral Transmission Analysis

Examine how policy announcements and macro expectations propagate through investor sentiment using event-study or sentiment-index modeling.

7.2.10 Cross-Sector Efficiency Testing

Apply Fama-MacBeth regressions or dynamic panel approaches to test whether valuation anomalies persist after controlling for size, liquidity, and leverage.

7.2.11 Sustainability-Finance Integration

Explore how ESG disclosures and sustainable-investment frameworks interact with valuation metrics in emerging-market settings.

7.2.12 Comparative ASEAN Studies

Conduct multi-market analyses to determine whether semi-strong inefficiency is regionally systemic or context-specific to Philippine capital-market structure.

7.2.13 Refinement of Sampling toward Actively Traded Equities

Future investigations should limit the dataset to actively traded securities to avoid distortions from illiquid or dormant listings that rarely participate in price discovery. While restricting the analysis to the PSEi constituents alone may omit relevant performers, researchers are advised to construct a representative panel consisting of the PSEi plus selected high-liquidity, investor-favored issues that demonstrate consistent trading activity.

In trading vernacular, these are sometimes referred to as “Class A” or liquid stocks—equities with stable turnover, transparent reporting, and meaningful market participation. Focusing on this subset will enhance data validity, reduce noise from illiquid shares, and better reflect true valuation dynamics in the Philippine market.

7.3 Final Reflection

The Philippine stock market stands at a crossroads between resilience and renewal. It is not suffering from informational opacity or corporate weakness but from a deficit of belief—a hesitation to re-engage amid global tightening and domestic caution. The paradox of undervaluation amid strength captures the essence of semi-strong inefficiency: information flows, yet conviction lags.

The findings of this study affirm that confidence, not capacity, is the missing catalyst. When policy predictability improves, yields stabilize, and investors rediscover faith in local fundamentals, the Philippine equity market is positioned for significant re-rating. The current pessimism, viewed retrospectively, may thus represent the accumulation phase preceding resurgence—a reminder that markets, like economies, heal not through novelty of data but through restoration of trust.

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