



PHILEQUITY CORNER

By Wilson Sy

Owners buy their stocks

There has been a recent wave of buying activity from the major owners of listed companies. Instead of raising capital by offering new shares or selling their existing shares, owners are doing the opposite: they are using their own money to increase their holdings. This sends a signal to the stock market that the owners believe that their companies are cheap. Consequently, their purchases provide support to share prices. This comes as the stock prices of many local companies have fallen sharply in the last few years.

Big owners increase their stakes

There are recent examples of major stock purchases by big shareholders. This year, the Gokongwei family completed a full tender offer of Robinsons Retail Holdings Inc (RRHI) which resulted in delisting. Three years ago, Metro Pacific Investments Corp (MPI) was also delisted and taken private through a buyout led by the Salim family and Manny Pangilinan. In June, Ayala Corp (AC) started making significant purchases of Ayala Land, Inc (ALI) in light of the steep drop in ALI's stock price. Also, Tony Tan Caktiong has been buying shares of Jollibee Foods Corp (JFC).

Last month, Mitsubishi Corp finalized a deal for the acquisition of a 10 percent stake in AC through a partial tender offer. In this case, the buyer is not a majority owner but a business partner of the Ayala group. The transaction value is P44.5 billion and is priced at P650 per share, a premium to AC's current price of P539.

Share buyback programs

While big owners are hiking their stakes, there are listed companies that are conducting share buyback programs. In these transactions, companies use their internal funds to purchase their own shares, especially when they believe that prevailing market valuations are low. In the table below, we show examples of ongoing share buyback programs of some major listed local companies.

Stock	Buyback program	Total acquisitions		
		Until 2025	YTD 2026	Total
ICT	99.99	13.01	1.64	14.65
SM	60.00	5.13	6.84	11.97
ALI	38.00	26.90	1.89	28.78
SMPH	10.00	1.24	6.81	8.06
AGI	11.00	9.56	0.70	10.26
URC	8.00	6.61	0.93	7.54

Amounts in billion pesos

Sources: PSE, Philequity

Local stocks are cheap

Owners are buying their stocks because they believe that their companies are grossly undervalued in light of share price declines. This can also be seen in the low valuation of the broader market. The PSEi is currently trading at 8.9x 2026E PE. This is a steep discount to its five-year average of 11.7x and ten-year average of 15.1x. The index has been on a downtrend and it is now well below the 6,000 level. The PSEi closed at 5,701 last Friday, hovering near its recent low of 5,584 in November last year.

A perfect storm

There are several reasons why local stocks are trading at low valuations. The economy is growing below trend on softer domestic consumption and weak infrastructure spending. Inflation in the last few months has come in much higher, in large part due to the surge in oil prices caused by the US-Iran war. In response, the central bank has started hiking its policy rate. Despite higher interest rates, the peso has continued to depreciate and is trading at its all-time low. Political developments such as the investigation of the massive flood control corruption scandal and the Vice President's impeachment trial weigh on investor sentiment. There is also the looming threat of a potentially severe El Nino.

Back to Manila?

For many years, money has been flowing to the US because of AI. However, last week, a pullback in tech stocks started. A downturn in tech stocks may trigger a reversal of fund flows. A sharp correction in AI stocks may prompt global investors to diversify and look for other investment destinations. If this happens, money may rotate to emerging markets, including the Philippines.

Taking cues from the owners

The big owners of local companies are leading by example through their share purchases. They understand the intrinsic value of their companies. They have a long-term perspective and have the patience to weather cyclical downturns. They also have the cash and the courage to invest more when stock prices are low. Investors may take their cues from owners who are buying the shares of their companies.