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G L O B E T E L E C O M , I N C .

(Company's Full Name)

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 B O N I F A C I O G L O B A L C I T Y T A G U I G

(Business Address: No. Street City / Town / Province)

ALBERTO M. DE LARRAZABAL

Contact Person

797-4889

Company Telephone Number

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Month Day  
Fiscal Year

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FORM TYPE

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Month Day  
Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. Of Stockholders

Total Amount of Borrowings

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATIONS CODE (SRC)  
AND SRC RULE 17(a)-1(b)(3) THEREUNDER



1. 12 May 2015  
Date of Report (Date of earliest event reported)
  2. 1177  
SEC Identification Number
  3. 000-768-480-000  
BIR Tax Identification Number
  4. GLOBE TELECOM, INC.  
Exact Name of registrant as specified in its charter
  5. PHILIPPINES  
Province, country or other jurisdiction of incorporation
  6. [REDACTED] (SEC Use Only)  
Industry Classification Code
  7. 27/F, The Globe Tower, 32nd Street corner 7th Avenue,  
Bonifacio Global City, Taguig  
Address of principal office
  - 1634  
Postal code
  8. (02) 797-2000  
Registrant's telephone number, including area code
  9. \_\_\_\_\_  
Former name or former address, if changed since last report
  10. Securities registered pursuant to Sections 4 and 8 of the SRC
- | Title of Each Class                      | Number of Shares of Common Stock<br>Outstanding and Amount of Debt Outstanding<br>(as of March 31, 2015) |
|--|--|
| <b>COMMON SHARES</b>                     | 132,735,047  |
| <b>TOTAL DEBT (in Millions of Pesos)</b> | 64,538   |

Indicate the item numbers reported herein : Please refer to attached

**Re: 1Q 2015 FINANCIAL & OPERATING RESULTS**

Pursuant to the requirements of the Securities Regulations Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date : 12 May 2015

GLOBE TELECOM, INC.  
Registrant  
  
ALBERTO M. DE LARRAZABAL  
Chief Financial Officer

## **GLOBE ANNOUNCES 1<sup>ST</sup> QUARTER RESULTS:**

### **SOLID TOP-LINE GROWTH; EBITDA AND NIAT AT ALL-TIME HIGHS**

**CONSOLIDATED SERVICE REVENUES AT ₱26.2 BILLION, UP 13% YoY;**

**EBITDA LEVEL AT ₱11.0 BILLION; UP 25% YoY;**

**CORE NET INCOME AT ₱4.2 BILLION, UP 25% YoY;**

**MOBILE SUBSCRIBERS AT 46.1 MILLION, UP 13% YoY**

**BROADBAND SUBSCRIBERS BREACHED THE 3M MARK, UP 41% YoY**

Globe Telecom, Inc. closed the first three months of 2015 with consolidated service revenues of ₱26.2 billion, 13% higher than the ₱23.2 billion reported in the same period last year. The sustained growth trajectory was due to the impressive gains across all business segments, the rapid customer base expansion of both mobile and broadband, the continued strong mobile data adoption and increasing smartphone penetration among its customers, and the introduction of innovative products and services most relevant to Globe subscribers.

The mobile business posted a 10% year-on-year growth in revenues, reaching ₱20.3 billion as of the first quarter of the year as against the ₱18.5 billion recorded during the same period of 2014. The growth in mobile revenues was underpinned by the strong contributions from the *Globe Postpaid* and *TM* segments. *Globe Postpaid* revenues for the first three months of the year stood at ₱7.8 billion, up 10% from the end of March of 2014, driven by the continued subscriber expansion year-on-year of 9%. Prepaid revenues improved 9% year-on-year to ₱12.5 billion in the first three months of the year from ₱11.4 billion a year ago. The robust rise in prepaid revenues was led by *TM*, the Company's mass-market brand, which expanded its subscriber base 19% year-on-year. *TM* continued to gain a stronghold in the prepaid value brand segment with total subscriber base now reaching 23.7 million as of the first quarter of the year, which made *TM* as large as its competing value brands. At the end of March 2015, Globe's mobile subscriber base reached 46.1 million, up a solid 13% from the 40.7 million a year ago driven by all-time high acquisitions this period.

The sustained year-on-year growth in mobile revenues was fueled by the increase in mobile data services. Mobile data revenues significantly grew by 58% year-on-year to reach ₱4.4 billion during the first quarter of 2015 from ₱2.8 billion in the same period last year, reflective of Globe's position as the preferred brand for the Filipinos' digital lifestyle choices. The surge in mobile data services was spurred by the impact of the positive results of Globe's data adoption strategies, including the *Free Facebook* and *Free Viber* campaigns, and the growing mobile browsing adoption among its subscriber base. Complementing mobile data growth, mobile voice revenues improved 5% year-on-year, bucking the impact of the decline of international voice services and offsetting the 4% year-on-year decline in mobile SMS.

Globe's broadband business continued its double-digit growth trajectory, with both revenues and subscribers increasing by 31% and 41% respectively. The pervasiveness of the Company's modernized and robust network, the continued subscriber expansion and the rising demand for data services has paved the way for Globe broadband's continued success. Broadband revenues stood at ₱3.7 billion as of end March 2015, with total subscriber base almost reaching 3.1 million. The solid growth in revenues was driven by subscriber expansion in the wireless broadband (+47%), fixed broadband (+16%) and LTE solutions. The sustained subscriber growth was boosted by the

availability of attractive data plan offers with varying internet speeds that best fit the customers' budget, needs, and lifestyle.

Globe's fixed line data business increased by 17% to ₱1.5 billion for the first three months of the year from ₱1.3 billion during the same period last year. The unrelenting growth in fixed line data revenues was mainly due to the expansion in circuit count and, increased usage. Also, the strong demand for data connectivity and cloud solutions have contributed to the revenue growth. In view of this increasing dynamic business demands, Globe continues to blaze new trails in data storage technology as it inaugurated its new data center, located in Cavite which is considered the first containerized facility of its kind in the Philippines. The new data facility is ready to support emerging and future technologies for the next 10 years and will empower Globe's business customers to scale-up their data storage requirements without impacting their existing operations and manage their operating costs. Traditional fixed line voice, likewise, posted a quarter-on-quarter and year-on-year increase of 7% and 12% in revenues, respectively due to the continued popularity of LTE-bundled internet and landline plans at affordable price points.

Globe's consolidated EBITDA stood at a record ₱11.0 billion as of end-March 2015, 25% higher against the EBITDA reported in the same period last year. Meanwhile, total operating expenses and subsidy grew by 5% year-on-year to ₱15.2 billion from ₱14.4 billion last year, to support the growing subscriber base and its data network expansion for better customer experience. EBITDA margin was at 42% for the first three months this year, up against 38% the same period in 2014. Likewise, EBITDA margin showed quarter-on-quarter improvement from 36% last quarter to 42% this period.

Globe's net income also reached a record ₱4.2 billion, 43% higher against the net income reported in the same period last year. The growth in net income was driven by the record level of EBITDA, despite the increase in depreciation expenses, and higher non-operating charges recognized during the period. The Company's core net income reached ₱4.2 billion as of the first quarter of 2015, or 25% higher than the ₱3.4 billion reported in same period of 2014. Globe's core net income excludes the impact of the non-recurring items, foreign exchange and mark-to-market charges.

“We are happy that we maintained our growth momentum for the first quarter of the year, despite the heightened level of competition. The solid revenue growth, the all-time high EBITDA level and the pure telco-recurring core net income improvement for the first three months of 2015 proves that Globe is the preferred brand of choice among Filipino consumers. Our move towards an enhanced digital lifestyle experience for our customers with our revolutionary and innovative suite of products and services is starting to bear fruit given the impressive results in the first quarter of 2015. We believe that with our modernized data-ready network and our strong commitment to innovation powered by our collaborative partnerships with global content providers, we can achieve sustainable financial growth moving forward.” Ernest L. Cu, President and CEO of Globe Telecom, Inc., said.

Globe spent around ₱4.9 billion in capital expenditures as of the first quarter this year to support the growing subscriber base and its demand for data. The Company already started the deployment of the 500-million dollar LTE network, which will serve both mobile and @Home data requirements. Seeking to build out a combined 5,000 LTE sites over the next 24 months, Globe's LTE footprint will run on FDD1800 and TDD2600. In addition, the recent partnership with Huawei to deliver a SingleSON or Self Optimizing Network technology will allow an automatic diagnosis and optimization of the Globe network, to continuously provide seamless customer experience. Globe is the first telco in the world to deploy the SingleSON technology. To date, Globe has a total

of 25,820 base stations, with over 15,900 for 4G<sup>1</sup>, to support the service requirements of its subscribers.

Globe continued to create the best suite of promotions and offers during the quarter to enhance the digital lifestyle experience of its customers. *Globe Postpaid's* new revolutionary plan offer - *myLifestyle Plan*, was boosted by the successful launch of Samsung's newest smartphones, the *Galaxy S6* and *Galaxy S6 edge*. The Company started taking pre-orders as early as March 21, 2015 via the Globe website in time for the official release of the Samsung *Galaxy S6* and *Galaxy S6 edge* in the Philippines on April 18, 2015. Those who registered and pre-ordered before April 5, got free exclusive content such as a 3-month subscription to Spotify, and a 3-month access to a video streaming website – *HOOQ*. Also, customers who pre-order online received a free limited edition Samsung wireless charger and a discount voucher of up to 15% off on *Galaxy S6* and *S6 edge* accessories. *Samsung Galaxy S6 32GB* was offered at Plan 999 with unlimited calls and texts to Globe/TM, GoSURF 299 (1.5GB mobile internet), Facebook 199, free gadget care for 1 (one) month, free *Navigation Bundle* for 1 (one) month and free 1GB Globe Cloud, while *Samsung Galaxy S6 edge 32GB* was offered at Plan 1499 with unlimited calls and texts to Globe/TM; GoSURF 499 (3GB mobile internet); *Chat Bundle* 299, Facebook 199, free gadget care for 1 (one) month, free navigation bundle for 1 (one) month and free 1GB Globe Cloud.

*TM*, likewise, introduced *Extend all-you-can* promo until March 31, 2015, which gives all *TM* subscribers the option to extend all *TM* call and text promos up to 30 times by simply texting “*EXTEND*” to 8888 before their current promo expires.

In line with the Company's strategy to sustain its leadership position in the data industry, Globe together with its collaborative partnerships with *Wattpad*, *Viber*, *HOOQ*, *Facebook*, *Internet.Org*, and *Whatsapp*, has successfully launched a suite of products and services that cater to the varying digital lifestyles needs of its customers.

Globe and *TM* subscribers can now access crowd-sourced content with “*Wattpad All-Day*” (up to 20MB) promo until December 31, 2015, allowing its subscribers to enjoy unlimited access to all stories available (adventure, sci-fi, fantasy, love stories, etc) anytime, anywhere with no internet connection needed for as low as ₱5/day. Globe's *Free Viber* offer (from February 14 up to April 14, 2015), allowed its subscribers to send sweet and funny stickers, group chat with friends, and stay connected with everyone wherever they are in the world (no registration or Wi-Fi needed). They simply need to subscribe to any *Globe Prepaid* promo and they can use *Viber* for free. This offer was also made available to *TM* and *Postpaid* customers. The *GoSurf* offers were likewise improved during the quarter to include *HOOQ* (a choice between *GoSurf* with *Spotify Basic* or *GoSurf* with *Spotify Premium* or *HOOQ*). In addition, the Company recently announced the extension of its current “*Free Facebook*” for every promo subscription until May 15, 2015, as it revealed that it signed an agreement with the leading social media app to make *internet.org* available to all Globe customers. This will allow its entire mobile customer base to enjoy the full Facebook experience until May 15.

The broadband business, on the other hand, launched the best deals and promotions during the period in order to give its customers wonderful digital life experiences. *Tattoo Postpaid* featured *Spotify* and *NBA League Pass* on its *Tattoo postpaid* plans during the first quarter of the year (*Tattoo GoSurf*

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<sup>1</sup> Includes HSPA+, WiMax and LTE

*Plan999* which gives 5GB of data per month plus *NBA League Pass* and *Premium Spotify*). Meanwhile, the Company launched the new *Tattoo Home Broadband* plans which offer top-notch entertainment content available through its partnership with *HOOQ*. For as low as Plan 1299, *Tattoo* customers get exclusive access to *HOOQ*. Combined access to *HOOQ* and *Spotify* or *NBA* starts with Plan 1599 while access to *HOOQ*, *Spotify* and *NBA* begins with Plan 1999 and above. All *Tattoo Home* broadband plans come with minimum speeds of at least 1 Mbps up to 15 Mbps, bundled with free landline, free unlimited calls to Globe and TM, and free Wi-Fi modem. Each plan also comes with a data allowance representing varying types of usage for a home broadband customer. The data allocation ranges between 10GB and 15GB for light to moderate users, 20GB to 30 GB for more frequent users and 50 GB to 70 GB for heavy users. *Tattoo Prepaid* also improved the *Tattoo GoSURF* offers which now come with free entertainment content. By simply subscribing to *GoSURF299* and above, subscribers can enjoy access to *HOOQ* or *Spotify*. With *Tattoo GoSURF + HOOQ*, subscribers can watch thousands of their favorite international and local movies and TV shows anytime, anywhere. Subscribers may also choose a *HOOQ* standalone offer valid for 30 days: *HOOQ199*, *HOOQ299* with free 1 GB, and *HOOQ499* with free 2 GB. Promo period is from March 12 to May 31, 2015.

In another revolutionary move to sustain its leadership in the mobile data business, the Company recently forged a partnership with *Whatsapp* to allow customers to enjoy free access to the mobile messaging app with every prepaid promo or postpaid plan subscription. Available to prepaid and postpaid customers, free *Whatsapp* enables users to enjoy real-time messaging and voice calling without data charges on any *Globe prepaid* promo or *myLifestyle Plan* subscription starting April 30, 2015. Moreover, last May 6, 2015, Globe announced its comprehensive and multi-year collaboration with Walt Disney Company Southeast Asia. This collaboration will give Filipino customers access to video-on-demand, interactive content, promotions and other related services across multiple devices and affirms the relationship of Globe with Disney whose brands include Disney, Pixar, Marvel, Star Wars and the global leader in short-form video, Maker Studios.

Furthermore, Globe recently launched \$1 calls from US to the Philippines allowing Filipinos with relatives in the USA to enjoy calling their loved ones and friends here in the Philippines for only \$1 for 100 minutes.

Globe once again expanded its international presence with its partnership with Du in the United Arab Emirates to provide OFWs with the best call rate to Globe and TM in the Philippines. Cost of 36 fils per minute is 20% cheaper than the regular rate of 45 fils per minute. Du has almost 50% market share in the UAE with 6.5 million mobile subscribers.

Meanwhile, the Company launched various promotions during the quarter in order to encourage the use of GCash. “GCash Gadgets Galore” gives GCash customers a chance to win a brand-new Samsung Galaxy Note 4 for every qualified Gcash transaction (BuyLoad, POS transaction using Gcash or online purchase using Amex) from February 28 to April 30, 2015. Likewise, various GCash Amex campaigns were launched in time for special occasions like Chinese New Year, Valentine’s Day and Graduation. Also, in March 2015, GCash partnered with GrabTaxi to allow its drivers to receive reimbursements through the GCash GrabTaxi card.

*Globe BanKO* on the other hand, launched *BanKO PaniguroKO 3-month Extension Promo*. All BanKO accountholders who will buy any of the PaniguroKO insurance plan for a 1-year coverage starting March 15 to June 15, 2015, will be given a free 3-month coverage extension.

Lastly, in relation to the transaction with Bayan Telecommunications, Inc. (Bayan), the Court of Appeals (CA), has given the National Telecommunications Commission (NTC) the green light to continue its proceedings in connection with the bid of Globe Telecom Inc. to take over Bayantel. In a nine-page decision penned by Associate Justice Manuel Barrios, the CA's Former Special 17th Division denied the petition for certiorari filed by PLDT seeking the nullification of the orders issued on November 27, 2013; December 13, 2013; and July 3, 2014 by the respondent NTC. The orders allowed the continuation of the proceedings in connection with Globe and Bayantel's joint application for regulatory approval and denied the petitioner's motion to dismiss or suspend the same.

## 1Q 2015 FINANCIAL SUMMARY

<i>In Million Pesos</i>	Quarter on Quarter			Year on Year		
	Q1	Q4	QoQ	31 Mar	31 Mar	YoY
	2015	2014	Change (%)	2015	2014	Change (%)
<b>Service Revenues</b>	<b>26,220</b>	<b>26,324</b>	<b>-</b>	<b>26,220</b>	<b>23,230</b>	<b>13%</b>
Mobile	20,271	20,496	-1%	20,271	18,456	10%
Broadband	3,664	3,649	-	3,664	2,790	31%
Fixed line Data	1,543	1,483	4%	1,543	1,319	17%
Fixed line Voice	742	696	7%	742	665	12%
<b>Operating Expenses and Subsidy</b>	<b>15,211</b>	<b>16,811</b>	<b>-10%</b>	<b>15,211</b>	<b>14,434</b>	<b>5%</b>
<b>EBITDA</b>	<b>11,009</b>	<b>9,513</b>	<b>16%</b>	<b>11,009</b>	<b>8,796</b>	<b>25%</b>
<b>EBITDA Margin</b>	<b>42%</b>	<b>36%</b>		<b>42%</b>	<b>38%</b>	
<b>Depreciation</b>	<b>4,439</b>	<b>4,964</b>	<b>-11%</b>	<b>4,439</b>	<b>4,068</b>	<b>9%</b>
Affected by network	0	154	-100%	0	512	-100%
Others	4,439	4,810	-8%	4,439	3,556	25%
<b>Net Income After Tax (NIAT)</b>	<b>4,203</b>	<b>2,844</b>	<b>48%</b>	<b>4,203</b>	<b>2,949</b>	<b>43%</b>
<b>Core Net Income</b>	<b>4,182</b>	<b>2,911</b>	<b>44%</b>	<b>4,182</b>	<b>3,357</b>	<b>25%</b>

- The Globe Group's consolidated service revenues for the first quarter of the year grew by 13% to reach ₱26.2 billion from ₱23.2 billion of same period last year. The sustained revenue growth was driven by the strong performances across all key business segments. Mobile revenues posted 10% increase from the same period last year, led by the growths of *Globe Postpaid* (+10%) and *TM* (+14%). The robust growth in mobile revenues was driven by another record-breaking quarter for acquisitions, bringing the total mobile subscriber to 46.1 million as of end-March of 2015, up 13% year-on-year. Globe's broadband and fixed line data segments likewise sustained its double digit growth at 31% and 17%, respectively due to continued subscriber expansion and the rising demand for data services both for consumers and corporates. Fixed line voice, likewise posted a healthy growth of 12% year-on-year to ₱742 million from ₱665 million in the same period last year.
- Against the previous quarter, consolidated services revenues slightly decreased by about ₱104 million after coming off a seasonally strong fourth quarter. The mobile business recorded revenues of ₱20.3 billion, slightly lower than last quarter by 1%, weighed down by lower international voice services and SMS revenues. Mobile data services, continued to grow, outpacing the seasonally strong fourth quarter revenues by 8%. The Company's broadband and fixed line services improved 2% quarter-on-quarter to ₱5.9 billion from ₱5.8 billion the previous quarter.
- Operating expenses and subsidy increased by 5% year-on-year from ₱14.4 billion to ₱15.2 billion for the first three months of 2015 to support the growing subscriber base and the expanded Globe network. On a quarterly basis, subsidy and operating expenses were lower by 10% from ₱16.8 billion last quarter to only ₱15.2 billion this period, as prior quarter included year-end catch-up accruals.

- Normal course depreciation expenses in the first quarter increased by 25% from ₱3.6 billion to ₱4.4 billion to cover for asset additions related to new projects. Moreover, depreciation charges in the first three months of 2014 were particularly low, given the end of useful life of assets in 2013. Inclusive of the ₱512 million in accelerated depreciation charges in the first quarter of 2014, total depreciation expenses increased by 9% year-on-year. However, compared to the prior quarter, depreciation charges were lower by 11%, as the fourth quarter depreciation expenses still included accelerated depreciation for the residual value of retired transformation assets..
- Overall, total cost and expenses for the first three months of the year, including depreciation charges, rose to ₱19.6 billion or 6% higher than the ₱18.5 billion reported a year ago. On a quarterly basis, cost and expenses including depreciation, declined by 10% due to decrease across all expense line items, owing to usual catch-up accruals in the fourth quarter of the year.
- Consolidated EBITDA for the first three months of 2015 hit a record ₱11.0 billion, up 25% against the ₱8.8 billion in the same period of 2014, as the strong revenue growth outpaced the growth in operating costs. EBITDA margin for the first quarter of 2015 improved to 42% from 38% in the same period last year. On a sequential basis, EBITDA increased by 16% quarter-on-quarter, following the substantial reduction in operating expenses to mitigate the slight decline in revenues.
- Non-operating charges increased by 24% year-on-year driven mainly by higher interest expenses. This was partly mitigated by gain on sale of assets and lower bank charges on swap costs. Compared to the previous quarter, non-operating expenses grew by 6%, mainly on net forex exchange losses (against foreign exchange gains in the prior quarter).
- Globe closed the first quarter of 2015 with record consolidated net income of ₱4.2 billion, 43% higher than the ₱2.9 billion net income recorded in the same period last year, driven primarily by the record level of EBITDA. Excluding the non-recurring expenses, foreign exchange and mark-to-market gains, core net income after tax reached ₱4.2 billion as of end March of 2015, 25% higher than the ₱3.4 billion in the same period last year. On a sequential basis, consolidated net income was likewise up by 48% from ₱2.8 billion last quarter. Core net income after tax improved by 44% from last quarter's ₱2.9 billion.
- As of March 2015, total cash capital expenditures stood at about ₱4.9 billion, 4% higher than last year's level of ₱4.7 billion. To support the requirements of its subscribers for 2G, 3G and 4G services, Globe has a total of 25,820 base stations, including over 15,900 4G<sup>2</sup> base stations.

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<sup>2</sup> Includes HSPA+, WiMax and LTE

## Mobile Business

<i>In Million Pesos</i>	Quarter on Quarter			Year on Year		
	Q1	Q4	QoQ	31 Mar	31 Mar	YoY
	2015	2014	Change (%)	2015	2014	Change (%)
<b>Service Revenues *</b>						
Voice	9,128	8,871	3%	9,128	8,658	5%
SMS	6,743	7,549	-11%	6,743	7,008	-4%
Mobile Browsing & Other Data	4,400	4,076	8%	4,400	2,790	58%
<b>Mobile Service Revenues</b>	<b>20,271</b>	<b>20,496</b>	<b>-1%</b>	<b>20,271</b>	<b>18,456</b>	<b>10%</b>

Mobile service revenues, which accounted for 77% of consolidated service revenues as of end March of 2015, rose to ₱20.3 billion, up 10% from last year's level of ₱18.5 billion. The growth in mobile revenues were driven by the strong revenue contributions from mobile data (+58%) and voice (+5%) coupled with the continued subscriber expansion across all mobile brands. On a sequential basis, Globe's mobile revenues were slightly lower (-1%) than the seasonally strong revenues in the fourth quarter of 2014.

Mobile voice revenues, which accounted for 45% of total mobile service revenues, grew by 5% to ₱9.1 billion from ₱8.7 billion in the same period last year, due to the continued popularity of unlimited and bulk domestic voice subscriptions, offsetting the decline in pay-per-use domestic voice and international voice services. Against last quarter, mobile voice revenues were up by 3%.

Mobile SMS which accounted for 33% of total mobile service revenues, closed the first quarter of the year at ₱6.7 billion, 4% lower than last year's level of ₱7.0 billion. The impact of the increasing popularity of *Facebook*, *Whatsapp*, *Viber* and other chat applications through mobile data services contributed to the decrease in mobile SMS revenues. On a sequential basis, mobile SMS revenues likewise declined by 11% from the ₱7.5 billion recorded in the previous quarter.

Mobile browsing and other data revenues which accounted for 22% of total mobile service revenues stood at ₱4.4 billion for the first quarter of 2015, up a solid 58% from ₱2.8 billion a year ago. On a sequential basis, mobile browsing and other data revenues grew by 8% from ₱4.1 billion in the prior quarter. The sustained growth in revenues is a testament to Globe being the preferred brand for the Filipinos' digital lifestyle and was spurred by the positive outcome of the various promotions Globe launched to seed mobile data adoption, including the *Free Facebook* campaigns (the last one launched for 1 month up to February 2015) and *Free Viber* promotions (from February to April 2015). These were also aided by, the continuing popularity of data-driven products and applications, the better network experience given the 100% 3G and 4G HSPA+ nationwide coverage, the increasing pervasiveness of LTE networks, and the growing mobile browsing adoption among its customers.

## Key Drivers for the Mobile Business

<i>In Million Pesos</i>	Quarter on Quarter			Year on Year		
	Q1	Q4	QoQ	31 Mar	31 Mar	YoY
	2015	2014	Change (%)	2015	2014	Change (%)
<b>Cumulative Subscribers (or SIMs) – Net End of Period</b>	<b>46,103,473</b>	<b>44,040,844</b>	<b>5%</b>	<b>46,103,473</b>	<b>40,749,094</b>	<b>13%</b>
<b>Globe Postpaid<sup>1</sup></b>	<b>2,267,639</b>	<b>2,262,257</b>	<b>-</b>	<b>2,267,639</b>	<b>2,088,413</b>	<b>9%</b>
<b>Prepaid</b>	<b>43,835,834</b>	<b>41,778,587</b>	<b>5%</b>	<b>43,835,834</b>	<b>38,660,681</b>	<b>13%</b>
Globe Prepaid	20,090,816	19,281,720	4%	20,090,816	18,699,346	7%
TM	23,745,018	22,496,867	6%	23,745,018	19,961,335	19%

### Ave. Revenue Per Subscriber (ARPU)<sup>2</sup>

<b>Globe Postpaid</b>	1,148	1,179	-3%	1,148	1,140	1%
<b>Prepaid</b>						
Globe Prepaid	126	132	-5%	126	128	-2%
TM	74	79	-6%	74	77	-4%

### Subscriber Acquisition Cost (SAC)

<b>Globe Postpaid</b>	8,352	9,602	-13%	8,352	9,074	-8%
<b>Prepaid</b>						
Globe Prepaid	25	34	-26%	25	23	9%
TM	16	17	-6%	16	15	7%

### Ave. Monthly Churn Rate (%)

<b>Globe Postpaid</b>	3.4%	1.8%		3.4%	2.2%	
<b>Prepaid</b>						
Globe Prepaid	6.0%	6.9%		6.0%	5.4%	
TM	6.7%	7.3%		6.7%	6.5%	

<sup>1</sup> ARPU is computed by dividing recurring gross service revenues (gross of interconnect expenses) segment by the average number of the segment's subscribers and then dividing the quotient by the number of months in the period.

- Globe ended the first three months of the year with a total mobile subscriber base of 46.1 million, up a solid 13% from the 40.7 million subscribers recorded a year ago. Total gross acquisitions for the first quarter of 2015 reached 10.4 million, 14% higher year-on-year and 3% higher than the previous quarter's record level. However, net incremental subscribers dropped to only 2.1 million for the first three months this year, or 9% lower than 2014 level of 2.3 million net additions mainly attributed to the increased churn rate this period. On a sequential basis, net incremental subscribers improved 74% quarter-on-quarter, given the higher level of churn in the fourth quarter of 2014 to account for the non-paying subscribers that took advantage of Globe's first *Free Facebook* promotion.

- For the first three months of 2015, Globe maintained its leadership in the postpaid segment, driven by the sustained growth in high-quality subscribers. As of the end of March 2015, Globe had 2.3 million subscribers, up 9% from the 2.1 million a year ago. The continued success of the new *myLifestyle Plans* and the exclusive device offers and innovative deals, helped boost gross acquisitions to a new record-high of 233,996, up a solid 17% from the 199,691 in the same period last year. However, year-to-date net incremental postpaid subscribers, stood at 5,382, 91% lower than 2014 level of 62,875 due to the elevated level of churn in the quarter. Churn rate for the first three months of 2015 increased from 2.2% a year ago and 1.8% in the previous quarter to 3.4%, to account for the termination of long overdue accounts.
- *Globe Prepaid* gross acquisitions as of the first quarter of the year grew to 4.3 million or 13% higher than the acquisition level in the same period last year of 3.8 million. On a quarterly basis, Globe recorded gross acquisitions of 4.3 million in the first quarter, or 1% higher than the preceding quarter's record-high level. Due to the elevated churn rate this period of 6.0% (against 5.4% in the same period last year), net incremental subscribers posted a decline of 6% to only 809,096 from 862,905 in the same period last year.
- *TM* on the other hand, generated a total of 5,864,079 new SIMs in the first quarter of 2015, up 15% against the same period of 2014. The strong gross acquisitions recorded in the first three months of the year was due mainly to *TM*'s continued aggressive acquisition efforts as well as the pull of the *Free Facebook & Free Viber* promotion in the early part of the year. Coming from a record level acquisition in the fourth quarter, this quarter's acquisitions were even higher by 5%. However, due to the increased churn rate of 6.7% as of end March 2015 versus 6.5% churn recorded in the same period last year, net incremental subscribers posted a decline of 7% from about 1.3 million in 2014 to only 1.2 million this period.
- First quarter 2015 blended ARPU declined by 3% to only ₱151 from ₱156 of the same period in 2014, due to the combined effects of higher multi-SIM usage and continued pressures on yields caused by the shift to value-based bucket and unlimited offers. *Globe Postpaid* ARPU of ₱1,148 was slightly higher than last year's ₱1,140. *Globe Prepaid* ARPU declined by 2% year-on-year resulting from the revenue dilution from unlimited and bucket service offerings. *TM* ARPU was down by 4% year-on-year with the continued shift from regular pay-as-you-use service to unlimited and value offers.
- *Globe Postpaid* subscriber acquisition cost (SAC) declined year-on-year and quarter-on-quarter by 8% and 13%, respectively driven by the changing mix of the plans, where a growing portion of the gross additions are considered within the low-end ARPU plans. *Globe Postpaid* SAC remained recoverable well within the 24-month contract period. *Globe Prepaid* SAC increased by 9% to ₱25 in the first quarter this year from ₱23 in the same period of 2014, due to higher advertising and promotions, as well as higher commissions. However, compared to last quarter, *Globe Prepaid* SAC was lower by 26%. Similarly, *TM* SAC, increased from the same period a year ago by 7% but down quarter-on-quarter by 6%. *Globe Prepaid* and *TM* SAC remained recoverable within a month of ARPU.

## Fixed Line and Broadband Business

<i>In Million Pesos</i>	Quarter on Quarter			Year on Year		
	Q1	Q4	QoQ	31 Mar	31 Mar	YoY
	2015	2014	Change (%)	2015	2014	Change (%)
<b>Service Revenues</b>						
Broadband	3,664	3,649	-	3,664	2,790	31%
Fixed Line Data	1,543	1,483	4%	1,543	1,319	17%
Fixed Line Voice	742	696	7%	742	665	12%
<b>Fixed Line &amp; Broadband Service Revenues</b>	<b>5,949</b>	<b>5,828</b>	<b>2%</b>	<b>5,949</b>	<b>4,774</b>	<b>25%</b>

For the first quarter of the year, the fixed line and broadband revenues posted a 25% growth from ₱4.8 billion to ₱5.9 billion. The growth was driven by strong contributions from all three business segments, with broadband, fixed line data and fixed line voice growing in double digits year-on-year. *Globe Tattoo Broadband* posted a 31% growth from ₱2.8 billion in the first three months of 2014 to ₱3.7 billion, a result of the strong 41% expansion of its customer base, for both wired and wireless services (up 16% and 47%, respectively). The sustained growth trajectory over the past several quarters was also attributed to the availability of innovative products and services most relevant to its customers. On a sequential basis, fixed line and broadband revenues likewise improved by 2% from ₱5.8 billion last quarter of 2014. *Tattoo Broadband's* sustained revenue growth was mainly driven by higher subscriber base for both *Tattoo-At-Home* and *Tattoo-On-The-Go*, rising to 3,093,553 subscribers from 2,788,123 in the last quarter.

	Quarter on Quarter			Year on Year		
	Q1	Q4	QoQ	31 Mar	31 Mar	YoY
	2015	2014	Change (%)	2015	2015	Change (%)
<b>Cumulative Broadband Subscribers</b>						
Wireless <sup>1</sup>	2,639,484	2,350,991	12%	2,639,484	1,798,378	47%
Wired	454,069	437,132	4%	454,069	392,000	16%
<b>Total (end of period)</b>	<b>3,093,553</b>	<b>2,788,123</b>	<b>11%</b>	<b>3,093,553</b>	<b>2,190,378</b>	<b>41%</b>

<sup>1</sup> Includes fixed wireless and fully mobile broadband subscribers

The *fixed line data* segment sustained the positive revenue growth with ₱1.5 billion in the first three months of 2015, up 17% against the same period last year, largely on the growth of domestic and internet services, sustained circuit base expansion, the strong demand for data connectivity and cloud services. The growth in revenues was also driven by the continued expansion of Globe's innovative products and services that cater to the needs of its corporate clients such as sales and marketing, intercompany

communications, database management and data storage, as well as the expansion of the local IT Enabled Service (ITES) industry, which includes call centers and business process outsourcing (BPO) companies.

Total *fixed line voice* revenues improved year-on-year and quarter-on-quarter by 12% and 7%, respectively, due to the expansion in subscriber base.

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For questions, please contact:

Tek O. Olaño  
Financial Planning and Analysis  
Email: [joolano@globe.com.ph](mailto:joolano@globe.com.ph)

Jose Mari S. Fajardo  
Investor Relations  
Email: [ir@globetel.com.ph](mailto:ir@globetel.com.ph)  
(632) 797-4307