



111062015001906



# SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

## Barcode Page

The following document has been received:

Receiving Officer/Encoder : Josefina A. Gramata  
Receiving Branch : SEC Head Office  
Receipt Date and Time : November 06, 2015 04:23:21 PM  
Received From : Head Office

## Company Representative

---

Doc Source

## Company Information

---

SEC Registration No. PW00001177  
Company Name GLOBE TELECOM INC.  
Industry Classification Telecommunications  
Company Type Stock Corporation

## Document Information

---

Document ID 111062015001906  
Document Type 17-C (FORM 11-C:CURRENT DISCL/RPT)  
Document Code 17-C  
Period Covered November 06, 2015  
No. of Days Late 0  
Department CFD  
Remarks



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. **6 November 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.  (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
- 8. **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 Outstanding and Amount of Debt Outstanding (as of September 30, 2015)
<b>COMMON SHARES</b>	132,742,402
<b>TOTAL DEBT (in Millions of Pesos)</b>	67,130

Indicate the item numbers reported herein : **Please refer to attached**

**Re: 3Q 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 : **6 November 2015**

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

## **GLOBE ANNOUNCES 3<sup>rd</sup> QUARTER RESULTS**

### **RECORD LEVELS OF MOBILE SUBSCRIBERS AND REVENUES AS GROWTH MOMENTUM CONTINUES**

**CONSOLIDATED SERVICE REVENUES AT ₱83.4 BILLION, UP 15% YoY;  
EBITDA AT ₱34.7 BILLION; UP 17% YoY;  
CORE NET INCOME AT ₱12.6 BILLION, UP 9% YoY;  
MOBILE SUBSCRIBERS AT 50.1 MILLION, UP 17% YoY  
BROADBAND SUBSCRIBERS NOW CLOSE TO 4.0 MILLION, UP 57% YoY**

---

Globe Telecom, Inc. closed the first nine months of 2015 with record-level consolidated service revenues of ₱83.4 billion, 15% higher than the ₱72.7 billion reported a year ago, due to the strong growth of data across all segments and the consolidation of the results of Bayan Telecommunications, Inc. (“Bayan”) in the third quarter of the year. This was likewise supported by the sustained subscriber growth on both mobile and broadband, the rising demand for mobile data, boosted by products and services that cater to the growing demand for quality digital content. Net of Bayan’s revenues, Globe’s consolidated service revenues of ₱82.0 billion were still up a solid 13% from the same period last year.

The mobile business posted a 9% year-on-year growth in revenues reaching ₱63.0 billion for the first nine months of the year from the ₱57.6 billion reported in the same period of 2014, due to the strong contributions of all three mobile brands. *Globe Postpaid* revenues for the first nine months of 2015 were up 7% year-on-year on the back of customer base expansion attracted by the Company’s breakthrough offers and innovations centered around the *myLifestyle Plans. TM*, the Company’s mass-market brand, likewise rose by 15% year-on-year while *Globe Prepaid* posted solid growth of 8%. At the end of September 2015, Globe’s mobile subscriber base reached 50.1 million, up a robust 17% from the 42.9 million a year ago driven by record-level gross acquisitions this period, surpassing the 50 million subscriber mark for the first time in Company history.

The robust performance of the mobile business was spearheaded by mobile data services, sustaining the double-digit growth trajectory for the first three quarters of the year. Mobile data service revenues reached ₱15.1 billion for the nine months just ended, up by a remarkable 48% from the ₱10.2 billion reported a year ago. This was also complemented by the continued growth in mobile voice (+8%), partially mitigating the 7% decline in SMS revenues. The combined effects of the successful monetization of data traffic through the Company’s *GoSurf* promos and the provision of social networking sites, premium applications and content, and top mobile games without the data charges, further cements Globe’s reputation as the mobile data SIM of choice for the Filipino digital lifestyle.

With the growing demand for both consumer and corporate data services, the Globe Group’s broadband business (inclusive of Bayan) remained strong year-on-year, increasing both revenues and customer base by 37% and 57% respectively. Total broadband service revenues stood at ₱12.4 billion as of the end of September 2015, with total subscriber base now reaching nearly 4.0 million. The impressive growth in revenues was driven by subscriber expansion in both the wireless broadband (+58%) and fixed broadband (+49%) solutions. The sustained subscriber increase was boosted by the various offerings of complete on-the-go and home broadband packages with access to premium content such as Spotify, NBA League Pass, and HOOQ. This was likewise supported by the increase in Bayan’s broadband

subscriber base. Net of Bayan's third quarter performance, Globe's broadband service revenues reached ₱11.8 billion as of end-September of 2015 or 37% higher than the same period last year.

Likewise, Globe's fixed line data business increased by 37% to ₱5.5 billion for the first nine months of the year from ₱4.0 billion during the same period last year, due mainly to the expansion in circuit count and increased usage, coupled with the impact of Bayan's consolidation in the third quarter of 2015. The strong demand for data connectivity and cloud solutions contributed to the revenue growth. Traditional fixed line voice (including Bayan), likewise posted a 20% increase year-on-year at ₱2.5 billion this period due to the continued popularity of the broadband bundled plans. Even excluding Bayan's revenues, fixed line data and fixed line voice improved year-on-year by 21% and 10%, respectively.

Globe Group's consolidated EBITDA stood at ₱34.7 billion as of end-September 2015, 17% higher against the EBITDA reported in the same period last year. Meanwhile, total operating expenses and subsidy grew by 13% year-on-year to ₱48.7 billion from ₱42.9 billion last year, to support the growing subscriber base and its data network expansion to provide the best digital lifestyle experience. EBITDA margin was maintained at 42%, better than the 41% in the same period in 2014. Excluding the impact of Bayan's third quarter results, Globe's consolidated EBITDA and EBITDA margin as of the end of September of 2015 stood at ₱34.1 billion and 42%, respectively.

The Company's net income for the nine months just ended reached ₱14.1 billion, 34% higher against the net income reported in the same period last year. This was mainly driven by the sustained growth in EBITDA and lower non-operating charges recognized during the first nine months of the year due to the combined impact of the one-time gains related to the recent sale of 51% of Yondu, Inc. ("Yondu") to Xurpas, Inc. ("Xurpas") and the acquisition of close to 99% of Bayan. The Company's core net income likewise reached ₱12.7 billion as of the first nine months of 2015, or 10% higher than the ₱11.6 billion reported in same period of 2014. Globe's core net income excludes the impact of the non-recurring items, one-time gains, foreign exchange and mark-to-market charges. Excluding Bayan's third quarter results, Globe's net income and core net income as of end-September of 2015 still grew robustly by 31% and 9%, respectively, from the same period in 2014.

"We are pleased that Globe sustained the growth momentum for the first nine months of 2015, despite the renewed challenges in the industry. We have maintained our aggressive stance as we continue fortifying our leadership in the digital space," said Ernest L. Cu, President and CEO of Globe.

"We remain focused in our efforts to create a wonderful experience for our customers by providing relevant products and services that cater to the growing demand for connectivity and quality digital content. It is imperative for us to continue to keep our foot on the pedal in introducing quality products and content, and enhancing our data network to deliver the premium customer service to our over 54 million subscribers." Mr. Cu added.

Globe spent around ₱22.9 billion in capital expenditures as of the first three quarters of this year to support the growing subscriber base and its demand for data. Of the capital expenditures spent to date, close to half have been spent to ensure that the data experience of our customers are met. To date, Globe has a total of 27,583 base stations, with over 17,600 for 4G<sup>1</sup>, to support the service requirements of its customers.

---

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

## Recent Developments

Last July 2, 2015, the Company disclosed that the National Telecommunications Commission (“NTC”) approved Globe’s application for the change in control in Bayan, allowing Globe to implement the conversion contemplated in the approved Amended Rehabilitation Plan of Bayan. On July 3, 2015, Globe converted a portion of its debt in Bayan into equity, which resulted in gaining a controlling interest in Bayan. Subsequently, on July 21, 2015, Globe agreed to purchase from Bayan Telecommunications Holdings Corporation (“BTHC”) and Lopez Holdings Corporation (“LHC”) all the equity held by both BTHC and LHC in Bayan for a consideration of P1.83 Billion. Together with Globe’s shares acquired through its previous conversions of debt, the purchase, which involves 70.7 million shares of Bayan, hikes Globe’s equity stake in Bayan to 98.6%.

Globe, Ayala Corporation (AC) and Bank of the Philippine Islands (BPI) signed an agreement on August 27, 2015 to turn over full ownership of BPI Globe BankKO (BanKO) to BPI, one of the majority owners of the joint venture. Pending completion of regulatory and business requirements (including the issuance of a fairness opinion on the share valuation), the agreement will result in the country’s first mobile phone-based savings bank becoming a wholly-owned and managed subsidiary of BPI. It is expected that BPI will assume full ownership in BanKO by year-end. Despite the change in sale of BanKO to BPI, Globe remains committed to tapping the unserved and underserved micro-finance markets by leveraging from its network infrastructure and e-Money capabilities, through its G-Cash platform.

In September 2015, Xurpas signed an agreement with Globe to invest a total of ₱900 million to acquire a 51% equity stake in Yondu<sup>2</sup>. The purchase consideration was made for a combination of original subscription to shares of Yondu and purchase of Globe-owned Yondu shares amounting to 22,950 shares at a valuation of Php39,215 per share, which was determined based on the negotiations between the parties. The investment solidifies the Globe and Xurpas partnership in the internet and digital space and will transform Yondu into a regional arm for digital content distribution and other technology driven services. The strategic alliance of Globe and Xurpas in Yondu bolsters Globe’s track record of partnering with leading digital players to strengthen its position as the purveyor of the Filipino digital lifestyle.

<sup>2</sup> *Globe previously owned 100% of Yondu, Inc. (formerly known as Entertainment Gateway Group Corp. [EGGC]). Yondu is engaged in the development and creation of wireless products and services accessible through telephones or other forms of communication devices. It also provides internet and mobile value added services, information technology and technical services including software development and related services*

### 3Q 2015 FINANCIAL SUMMARY

	Globe Group					YoY Bayan <sup>1</sup> 30-Sep 2015
	Year on Year					
	Globe Conso	Globe ex-Bayan	Last Year	YoY Change (%)		
	30-Sep	30-Sep	30-Sep	vs. Globe	vs. Globe	
<i>In Million Pesos</i>	2015	2015	2014	Conso	ex-Bayan	
<b>Service Revenues</b>	<b>83,356</b>	<b>81,961</b>	<b>72,701</b>	<b>15%</b>	<b>13%</b>	<b>1,395</b>
Mobile	62,994	62,994	57,573	9%	9%	-
Broadband	12,365	11,804	9,038	37%	31%	561
Fixed line Data	5,494	4,852	3,997	37%	21%	642
Fixed line Voice	2,503	2,311	2,093	20%	10%	192
<b>Operating Expenses and Subsidy</b>	<b>48,678</b>	<b>47,860</b>	<b>42,943</b>	<b>13%</b>	<b>11%</b>	<b>818</b>
<b>EBITDA</b>	<b>34,678</b>	<b>34,101</b>	<b>29,758</b>	<b>17%</b>	<b>15%</b>	<b>577</b>
<b>EBITDA Margin</b>	<b>42%</b>	<b>42%</b>	<b>41%</b>			<b>41%</b>
<b>Depreciation</b>	<b>14,612</b>	<b>14,153</b>	<b>13,159</b>	<b>11%</b>	<b>8%</b>	<b>459</b>
Affected by network modernization	-	-	1,469	-	-	-
Business As Usual (BAU)	14,612	14,153	11,690	25%	21%	459
<b>Net Income After Tax (NIAT)</b>	<b>14,144</b>	<b>13,799</b>	<b>10,528</b>	<b>34%</b>	<b>31%</b>	<b>345</b>
<b>Core Net Income</b>	<b>12,708</b>	<b>12,598</b>	<b>11,578</b>	<b>10%</b>	<b>9%</b>	<b>110</b>

<sup>1</sup>Net of Intercompany transactions

- On a consolidated view, Globe closed the first nine months of 2015 with gross service revenues of ₱83.4 billion as of end-September of 2015, 15% higher than the ₱72.7 billion in the same period last year. The sustained strong revenue performance across all business segments (mobile, broadband and fixed line) has contributed to this period's impressive result. Mobile revenues posted a 9% increase year-on-year with the continued robust growth from Globe Postpaid (+7%), Globe Prepaid (+8%) and TM (+15%). This was likewise supported by another record-breaking quarter for gross acquisitions, bringing the total mobile subscriber base to 50.1 million as of end-September of 2015. The broadband and fixed line data segments likewise sustained its double digit growth trajectory, with both posting increases of 37%, due to the rapid subscriber growth and the increasing demand for data connectivity both for consumers and corporates. Fixed line voice also posted a 20% increase year-on-year to ₱2.5 billion from ₱2.1 billion in the same period last year. The strong revenue performance was also aided by the consolidation of Bayan revenues in the third quarter of 2015. Excluding Bayan's results, Globe gross service revenues registered at P82.0 billion, a robust 13% higher from a year ago.
- Globe's operating expenses and subsidy for the first nine months of 2015 grew by 13% year-on-year from ₱42.9 billion to ₱48.7 billion this period. To further support the continued customer base expansion, services costs, recontracting expenses, advertising and promotions, as well as staff-related costs were all up year-on-year. Lease charges, maintenance and utilities expenses were likewise higher, given the expanded Globe network. Also, interconnection charges remained high year-on-year mainly from bundled inter-network promo subscriptions.

- Globe Group's normal course depreciation expenses in the first nine months of the year increased by 25% from ₱11.7 billion in first nine months last year to ₱14.6 billion this period, due to asset additions related to Globe's new capital expenditure projects and the consolidation of Bayan's depreciation expenses for the third quarter of the year, which amounted to ₱459 million. Moreover, the growth in depreciation expenses was also due to irregularly low depreciation charges in the first nine months of 2014, owing to the full depreciation of certain assets by the end of 2013.
- Overall, Globe Group's total cost and expenses for the first nine months of the year, including depreciation charges, rose to ₱63.3 billion or 13% higher than the ₱56.1 billion reported in the same period of 2014. Excluding Bayan's total cost and expenses for the third quarter of 2015, Globe's total cost and expenses as of end-September of 2015 only grew by 11%.
- Consolidated EBITDA for the first nine months of 2015 were up a solid 17% to ₱34.7 billion, from the ₱29.8 billion reported a year ago, as the robust revenue gains more than offset the growth in operating expenses. The growth in EBITDA was also aided by the consolidation of Bayan in the third quarter, providing an EBITDA upside of ₱577 million to the EBITDA during the year. Globe Group's EBITDA margin for the first nine months of the year rose to 42% from 41% in the same period last year.
- Non-operating charges declined by 78% year-on-year mainly driven by the impact of one-time gains coming from the sale of a 51% stake in Yondu to Xurpas (including the fair market valuation adjustment on Globe's remaining 49% stake) and valuation adjustments upon acquisition of 98.6% stake in Bayan in July 2015. These one-time adjustments related to the Yondu transaction include (1) non-recurring gains on the sale of 51% stake in Yondu (₱449 million), (2) fair value adjustments on Globe's remaining 49% stake (₱746 million), and (3) the impact of capital gains tax on the sale and deferred tax on the fair value adjustment (₱140 million). Bayan-related one-time adjustment include gain on previously held interest (₱368 million). These one-time adjustments negated the effect of higher net interest expenses and foreign exchange losses during the first nine months of the year.
- The Globe Group closed the first nine months of 2015 with net income of ₱14.1 billion, 34% higher than the ₱10.5 billion net income recorded in the same period last year, driven primarily by the sustained strong EBITDA growth and lower non-operating charges. Excluding the non-recurring expenses, foreign exchange loss, one-time gains related to the Yondu and Bayan transactions completed in the quarter, core net income reached ₱12.7 billion as of end September of 2015, 10% higher than the ₱11.6 billion in the same period last year.
- As of September 2015, total cash capital expenditures stood at about ₱22.9 billion, 43% higher than last year's level of ₱16.0 billion. Given the continued upsurge in data traffic as demand for faster internet connectivity increases and the proliferation of smartphone and data capable devices, it is imperative for the Company to continuously expand and equip the data network and make more data-driven capital investments moving forward. Of the capital expenditures spent for the first nine months of the year, almost half was dedicated for data-related projects, in line with our focused thrust to sustain premium customer experience for our subscribers' digital lifestyles. To support the requirements of its subscribers for 2G, 3G and 4G services, Globe has a total of 27,583 base stations, including over 17,600 4G<sup>2</sup> base stations.

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

## Mobile Business

<i>In Million Pesos</i>	Quarter on Quarter			Year on Year		
	Q3	Q2	QoQ	30-Sep	30-Sep	YoY
	2015	2015	Change (%)	2015	2014	Change (%)
<b>Service Revenues *</b>						
Voice	9,247	9,490	-3%	27,865	25,813	8%
SMS	6,579	6,688	-2%	20,010	21,530	-7%
Mobile Browsing & Other Data	5,593	5,126	9%	15,119	10,230	48%
<b>Mobile Service Revenues</b>	<b>21,419</b>	<b>21,304</b>	<b>1%</b>	<b>62,994</b>	<b>57,573</b>	<b>9%</b>

Mobile service revenues, which accounted for 76% of Globe's consolidated service revenues for the first three quarters of 2015, improved to ₱63.0 billion, up 9% from last year's level of ₱57.6 billion, due to the robust revenue contributions from mobile data (+48%) and the continued subscriber expansion across all mobile brands. On a sequential basis, Globe's quarterly mobile revenues were also up by 1% against the previous quarter and 8% against the third quarter of last year. Moreover, the third quarter mobile revenues of ₱21.4 billion pesos represent a new quarterly record for Globe.

Mobile voice revenues, which accounted for 44% of total mobile service revenues, grew by 8% to ₱27.9 billion from ₱25.8 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 declined by 3%.

Mobile SMS, which accounted for 32% of total mobile service revenues, closed the first nine months of the year at ₱20.0 billion, lower than the ₱21.5 billion recorded in the same period last year. The year-on-year decline in SMS revenues was due to the impact of increasing popularity over-the-top chat applications such as Facebook Messenger, Whatsapp, Viber and other chat applications, offering avenues for messaging to our subscribers outside of SMS services. On a sequential basis, mobile SMS revenues slightly declined by 2%.

Mobile browsing & other data revenues, which accounted for 24% of total mobile service revenues, stood at ₱15.1 billion for the first nine months of 2015, up by a solid 48% from ₱10.2 billion a year ago. On a sequential basis, mobile browsing and other data revenues grew by 9% from the ₱5.1 billion posted the prior quarter to ₱5.6 billion. The significant growth in mobile data revenues was driven by the increasing popularity of the *GoSurf* promos, which provide subscribers premium content such as Spotify and free games, among others, along with their data subscriptions, the positive outcome of the sustained free Facebook and free Viber promotions in the first half of the year, and enhanced network experience from our expanded 3G, HSPA+ and LTE networks.

## Key Drivers for the Mobile Business

	Quarter on Quarter			Year on Year		
	Q3	Q2	QoQ	30-Sep	30-Sep	YoY
	2015	2015	Change (%)	2015	2014	Change (%)
<b>Cumulative Subscribers (or SIMs) – Net End of Period</b>	<b>50,111,632</b>	<b>48,351,488</b>	<b>4%</b>	<b>50,111,632</b>	<b>42,853,598</b>	<b>17%</b>
<b>Globe Postpaid<sup>1</sup></b>	<b>2,361,339</b>	<b>2,323,033</b>	<b>2%</b>	<b>2,361,339</b>	<b>2,162,911</b>	<b>9%</b>
<b>Prepaid</b>	<b>47,750,293</b>	<b>46,028,455</b>	<b>4%</b>	<b>47,750,293</b>	<b>40,690,687</b>	<b>17%</b>
Globe Prepaid	21,620,291	20,832,935	4%	21,620,291	18,930,226	14%
TM	26,130,002	25,195,520	4%	26,130,002	21,760,461	20%
<b><u>Ave. Revenue Per Subscriber (ARPU)<sup>2</sup></u></b>						
<b>Globe Postpaid</b>	1,115	1,164	-4%	1,137	1,174	-3%
<b>Prepaid</b>						
Globe Prepaid	122	129	-5%	126	130	-3%
TM	72	76	-6%	74	79	-6%
<b><u>Subscriber Acquisition Cost (SAC)</u></b>						
<b>Globe Postpaid</b>	8,895	7,837	13%	8,369	8,377	-
<b>Prepaid</b>						
Globe Prepaid	18	11	64%	18	23	-22%
TM	13	7	86%	12	13	-8%
<b><u>Ave. Monthly Churn Rate (%)</u></b>						
<b>Globe Postpaid</b>	3.1%	2.7%		3.1%	2.5%	
<b>Prepaid</b>						
Globe Prepaid	6.3%	6.3%		6.2%	6.2%	
TM	6.8%	6.6%		6.7%	6.8%	

<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 nine months of the year with a total mobile subscriber base of 50.1 million, up 17% from the 42.9 million subscribers recorded a year ago. Total gross acquisitions as of the end of September reached 32.9 million, 19% higher year-on-year, driven by the sustained record-level acquisitions in the past three quarters. Net incremental subscribers likewise improved by 39% year-on-year from the 4.4 million reported a year ago to 6.1 million due to the strong gross acquisitions and the improved blended churn rates this period, which were lower at 6.3% from the 6.8% last year.
- Globe maintained its dominance in the postpaid segment, driven by the sustained growth in high-quality subscribers. As of the end of September 2015, Globe had 2.4 million subscribers, up by 9% from the 2.2 million a year ago. The continued success of the *myLifestyle Plan* with a wide range of device offers and innovative deals, helped boost gross acquisitions to reach a new quarterly record-high of 256,771, up a robust 5% from the 243,612 in the same period last year. However, year-to-date net incremental postpaid subscribers amounted to 99,082, 28% lower than the 137,373 net additions in the same period last year, as the elevated levels of churn this year offset gains made on

gross acquisitions. Churn for the first nine months of 2015 registered at 3.1%, up from the 2.5% reported in the same period last year.

- *Globe Prepaid* gross acquisitions for the first nine months of 2015 grew to 13.8 million or 19% higher than the acquisition level in the same period last year of 11.6 million. On a quarterly basis, *Globe* recorded gross acquisitions of 4.8 million in the third quarter, or 3% higher than the preceding quarter's record high level. As the churn rate this period was held steady at 6.2% year-on-year, net incremental subscribers posted a 114% growth to 2.3 million from 1.1 million in the same period of 2014.
- *TM* on the other hand, generated a total of 18.4 million new subscribers as of the end September of 2015, up 19% against the same period of 2014. The robust gross acquisitions recorded in the first nine months of the year were due mainly to *TM*'s continued aggressive acquisition efforts as well as the pull of the sustained *Free Facebook & Free Viber* promotion in the first half of 2015. Coming from a record level acquisition in the second quarter, this quarter's acquisitions were slightly lower by 2%. Net incremental subscribers as of the first nine months of the year likewise increased by 15% from about 3.1 million in 2014 to 3.6 million this year as the churn rate level improved to 6.7% as of end September 2015 from 6.8% recorded in the same period last year.
- Blended ARPU for the first nine months of 2015 declined by 6% to only ₱149 from ₱158 of 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 ₱1,137 was lower than last year's ₱1,174. *TM* and *Globe Prepaid* ARPU was down year-on-year by 6% and 3%, respectively with the continued shift from regular pay-as-you-use service to unlimited and value offers.
- *Globe Postpaid* subscriber acquisition cost (SAC) was slightly lower year-on-year to ₱8,369 from ₱8,377. On a quarterly basis, *Globe Postpaid* SAC increased by 14% from ₱7,837 last quarter. *Globe Postpaid* SAC remained recoverable within the 24-month contract period. *Globe Prepaid* SAC declined by 22% to ₱18 in the first nine months this year from ₱23 in the same period of 2014. However compared to last quarter, *Globe Prepaid* SAC was higher by 64% from ₱11 reported in the second quarter. However, *TM* SAC, declined year-on-year by 8% but higher by 86% quarter-on-quarter. *Globe Prepaid* and *TM* SAC remained recoverable within a month's ARPU.

## Fixed Line and Broadband Business

	Globe Group					YoY
	Year on Year					
	Globe Conso	Globe ex-Bayan	Last Year	YoY Change (%)		
	30-Sep	30-Sep	30-Sep	vs. Globe	vs. Globe	
2015	2015	2014	Conso	ex-Bayan		
<i>In Million Pesos</i>						
<b>Service Revenues</b>						
Broadband	12,365	11,804	9,038	37%	31%	561
Fixed Line Data	5,494	4,852	3,997	37%	21%	642
Fixed Line Voice	2,503	2,311	2,093	20%	10%	192
<b>Fixed Line &amp; Broadband Service Revenues</b>	<b>20,362</b>	<b>18,967</b>	<b>15,128</b>	<b>35%</b>	<b>25%</b>	<b>1,395</b>

<sup>1</sup>Net of Intercompany transactions

For the first nine months of the year, Globe Group's fixed line and broadband revenues posted a 35% increase from the ₱15.1 billion as of end September 2014 to ₱20.4 billion this period. The growth was driven by robust contributions across all business segments, with Globe broadband and fixed line data improving by double digits year-on-year.

*Globe Tattoo Broadband* posted a 37% growth to reach ₱12.4 billion in the first nine months of 2015 from ₱9.0 billion reported in the same period of 2014, as a result of the 57% expansion of its customer base for both wired and wireless services (up 49% and 58% year-on-year, respectively). The impressive revenue growth and customer uptake for the past several quarters were also attributed to the various broadband products bundled with exclusive access to an attractive portfolio of entertainment content. *Tattoo Broadband's* sustained revenue growth was mainly due to the higher subscriber base for both *Tattoo-At-Home* and *Tattoo-On-The-Go*, rising close to 4.0 million subscribers from 3.5 million last quarter. It was likewise impacted by the consolidation of Bayan in the third quarter of the year. Excluding the impact of Bayan's consolidation in the third quarter, total Globe's fixed and broadband revenues reached close to ₱19.0 billion as of end September of 2015, still a remarkable 25% increase year-on-year.

	Year on Year					YoY
	Globe Conso	Globe ex-Bayan	Last Year	YoY Change (%)		
	30-Sep	30-Sep	30-Sep	vs. Globe	vs. Globe	
	2015	2015	2014	Conso	ex-Bayan	
<b>Cumulative Broadband Subscribers</b>						
Wireless <sup>1</sup>	3,358,494	3,358,494	2,121,737	58%	58%	0
Wired	639,622	481,793	428,053	49%	13%	157,829
<b>Total (end of period)</b>	<b>3,998,116</b>	<b>3,840,287</b>	<b>2,549,790</b>	<b>57%</b>	<b>51%</b>	<b>157,829</b>

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

The *fixed line data* segment (inclusive of Bayan) sustained its growth momentum with ₱5.5 billion revenues registered in the first nine months of the year, up 37% against the same period last year, fueled by strong demand for domestic and international leased line services, sustained circuit base expansion, and the increasing popularity of cloud-based services, such as data storage and solutions-

based cloud computing. Even excluding Bayan's third quarter results, Globe's fixed line data reached ₱4.9 billion, a robust 21% improvement from the same period last year.

Globe's total *fixed line voice* revenues likewise improved year-on-year by 20% due mainly to expansion in subscriber base, both organically given the popularity of bundled broadband plans and the impact of Bayan consolidation in the third quarter of 2015. Even without the aid of Bayan's third quarter results, Globe's fixed line voice still grew by 10% from a year ago.

## **ANNEX I: PRODUCTS & SERVICES**

Globe continued to create the best suite of promotions and offers during the quarter to enhance the digital lifestyle experience of its customers.

### **Mobile**

*Globe Postpaid* remain true to its commitment of being one step ahead in giving customers access to the latest smartphone devices and best-in-class postpaid plans as it welcome the *new Samsung Galaxy Note 5 and S6 edge+* in its device line-up to give its customers a complete digital experience. The *Samsung Galaxy Note 5* was made available during the quarter at *Plan 999* with cash-out of ₱800 for 24 months. At *Plan 999*, customers get unlimited calls and texts to Globe/TM; GoSurf 499 with 3 GB of mobile internet; and exclusive perks starting with a free 3-month access to watch blockbuster movies from *HOOQ* and discover millions of songs from Spotify. On the other hand, customers can get the new *S6 edge+* with 32 GB memory at *Plan 1499* with a cash-out of ₱800 per month for 24 months. It comes with unlimited calls and texts to Globe/TM; GoSurf 999 with 5 GB of mobile internet; and a free 3-month access to either *HOOQ* or *Spotify*.

Moreover, the Company continues its drive to position the Philippines as the *Digital Lifestyle Capital of the World* by giving customers free access to *Facebook* and *Viber* with their favorite Globe call, text, and surf promos. Starting September 1, 2015, all *Globe Postpaid, Prepaid, TM* and *Tattoo* customers can enjoy free access to *Facebook* when subscribed to promos including *GoSurf* variants and other existing call and text promos such as *GoUnli, AllNetcombo* and *TMSulitxt*, among others without the need for a Wi-Fi connection. Customers will be able to view photos, stream videos uploaded on Facebook, as well as post, like, share and make comments on the social networking site. *Globe Prepaid* and *TM* customers subscribed to their promos will automatically get free access *Facebook*. Postpaid customers on the other hand, can opt-in by texting Free FB ON to 8888. Alongside *Facebook*, the browsing experience is made even better with free access to *Viber*. Customers can enjoy sending stickers, chatting with friends and groups, and staying connected with other *Viber* users around the world. Those registered to a Globe text promo can get Free Viber chat, which includes sending and receiving messages, as well as stickers, doodles, and photos. Exploring public chat is also free. When registered to a call or surf promo, customers can enjoy Free Viber chat, complete with voice and video calls. Postpaid customers can instantly enjoy Free Viber call and chat for the entire promo duration.

The Company likewise announced its partnership with popular online video websites *YouTube* and *Dailymotion*. This partnership will further boost video content consumption and accessibility of the sites on mobile devices with affordable online video bundles. With the *YouTube* and *Dailymotion Video Bundle*, *Globe Prepaid* and *TM* customers get 100MB of data to access YouTube to watch and stream videos for as low as ₱10 per day. Customers who subscribe to the promo get extra access to more online videos via another online video site Dailymotion, a video platform which attracts 300 million users who watch 3 billion videos on its player each month.

Another unique feature of the *YouTube and Dailymotion Video Bundle* is that it is "stackable", which means that a customer can register to the promo multiple times while the current registration is still active so that one can get more MBs to stream more videos.

*TM* on the other hand, launched *Combo20* which offer unlimited on-net SMS, 20-minute calls to TM/Globe plus 50 all-net texts for only ₱20 valid for three (3) days. Likewise, *Txt5* which gives additional unli texts to Globe/TM for only ₱5 a day and *Txt10* for additional unli texts to Globe/TM, plus 15 mins call to Globe/TM for only ₱10 valid for two (2) days were also launched during the third quarter of the year.

## **Broadband**

The broadband business launched the best deals and promotions during the period, transforming its subscribers' digital lifestyle into a world of entertainment.

*Tattoo Postpaid* launched the best deals on the latest gadgets with mobile Wi-Fi for as low as ₱599 per month: *Acer One 10* plus a mobile Wi-Fi for ₱999 per month, a non-stop entertainment with a *Lenovo Yoga 2* plus a mobile Wi-Fi for ₱849 per month, *Acer Iconia Tab 8* plus a mobile Wi-Fi for ₱749 per month, *Lenovo Mix 3* plus a mobile Wi-Fi for ₱699 per month and *Acer Iconia One 7* plus a mobile Wi-Fi for only ₱599 per month. Meanwhile, "*Tattoo Platinum Fibre-Fast deals*" were likewise launched during the period giving those who subscribed to Tattoo Platinum plans (*on 50Mbps, 100Mbps and 150Mbps plans*) until August 31, 2015 a special discounts up to 50% off on their monthly service fee (MSF) for the first 12 months. Each plan comes with premium access to Spotify, Hooq, and NBA League Pass.

## **International**

During the third quarter of 2015, the Company widen its global footprint and reaches out to more Filipinos around the world through its new partnership with global telecommunications operator, Orange, to launch the new Libon Out "Philippines with Globe" package offer. Libon was developed by Orange Group, headquartered in Paris, France. The Libon app features "Libon Out" calls with rechargeable minutes to make international calls to over 140 destinations around the world. Filipinos from around the world using the Libon app, an all-in-one communication application for iPhone and Android that provides free unlimited Libon to Libon HD calls, chats, and voicemail to a variety of international destinations, can enjoy a "Libon Out" package for only US\$25.99, inclusive of 1,000 minutes of calls or ₱1.30 per minute rate to any Globe and TM number in the Philippines. This is 67% lower compared to other app-to-Globe per minute rate. From August 26 to September 9, 2015, customers who register to the Libon app will also enjoy free 100 minutes of calls to Globe and TM numbers in the Philippines to celebrate the partnership.

In addition, Globe reinforces its partnership with Japan's Brastel Co., Ltd., International Communication Operator through the launch of a new co-branded OTT service which allows users to save up to 68% in calling rates. Globe and Brastel entered into a business alliance agreement in February this year as strategic partners in Japan to offer a co-branded reloadable calling card for calls to Globe and TM numbers in the Philippines at a preferential rate. Starting August 1, 2015, Globe and TM customers have access to affordable calls via Brastel's 050 Free application with rates of just 10 yen per minute, from its current price of 32 yen per minute when calling from a mobile with 0091 prefix.

## **GCash**

In the third quarter of the year, the Company launched the *GCash beep Mastercard*, the first value-added card to be beep ready, allowing cardholders to load and pay for their MRT and LRT trips easily. *Globe GCash beep Mastercard* is not only a reloadable contactless tap and go card for LRT/MRT passengers but is also accepted as a payment option in popular online shopping sites and in almost 33 million establishments worldwide which recognize the mastercard brand. At the same time, because it has a GCash account, it can be used to buy prepaid Globe/TM phone load, send money to any Globe/TM user for free, receive remittance, and even withdraw cash from any automated teller machine (ATM). The *GCash beep Mastercard* allows balance and transaction monitoring to ensure that everything is properly recorded.

In addition, G-Xchange, Inc., a wholly-owned subsidiary of Globe, has entered into a partnership agreement with four key technology retail companies in the country to expand the distribution network of Globe Charge mobile point-of-sale (POS) solution. Under this arrangement, Globe Charge will be carried by over 250 partner outlets located in different parts of the Philippines namely: AllPhones - 41 branches, MemoXpress - 138 branches, PC Express - 38 branches, and Silicon Valley - 37 branches.

### **Yondu**

Globe has formed a joint venture with Salud Interactiva to launch KonsultaMD, a 24/7 health hotline service manned by skilled and licensed Filipino doctors who provide medical assessment and advice, including basic healthcare and permissible medication over the phone.

To avail of the service, Globe and TM customers may avail of flexible and affordable unlimited call plans. Globe Postpaid customers only need to pay a subscription fee of ₱150 per month, which includes four household members. Subscription is free for two months upon enrolment and the monthly charge will apply on the third month onwards. Globe Prepaid and TM customers may subscribe for ₱15 a week while the fee is waived for Platinum Elite members. Calls using Globe or TM is charged ₱1 per minute while calls within Metro Manila via landline is free. Non-Globe users have to pay the standard NDD rate for calls outside Metro Manila or regular mobile to landline rate, whichever is applicable.

---

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@globe.com.ph](mailto:ir@globe.com.ph)  
(632) 797-4307

### **About Globe**

Globe Telecom, Inc. is a major provider of telecommunications services in the Philippines. The Company operates one of the largest and most technologically-advanced mobile, fixed line and broadband networks in the country, providing reliable, superior communications services to individual customers, small and medium-sized businesses, and corporate and enterprise clients.

It is listed on the Philippine Stock Exchange under the ticker symbol GLO and had a market capitalization of US\$6.6 billion as of the end of September 2015.

Further information can be obtained by visiting the web at <http://www.globe.com.ph>