



Globe

**Globe Telecom's
partial acquisition of
San Miguel Corporation's
telecommunications assets**

Implied equity value of P26.4bn for a

50% stake

Transaction Highlights

Subject of Globe Telecom's investment

- Acquisition of 50% of the issued and outstanding capital stock in various companies owning and operating telecommunications services including frequencies, licenses, and all other assets, namely:
 - Vega Telecom, Inc. ("VTI") from San Miguel Corporation ("SMC");
 - Bow Arken Holdings Company Inc. ("BAHC"); and,
 - Brightshare Holdings Corporation ("BHC").
- The Remaining 50% equity stakes in VTI, BAHC and BHC will be acquired by Philippine Long Distance Telephone Company ("**PLDT**")

Investment Consideration

- Total enterprise value of VTI, BAHC and BHC amount to **P70.0bn**, including the outstanding liabilities of **17.2bn**
 - Equity value is estimated at **P52.8bn**
- Agreed consideration of **P26.4bn** for Globe Telecom's 50% interests
 - 50% of the consideration to be paid upon closing of the transaction
 - The balance would be paid in two equal installments six and twelve months after closing of the transaction

Target Closing Date

- The transactions are intended to be completed immediately after the fulfillment of closing conditions specified in the definitive agreements.

Return of Unused Frequency

- Return of unused spectrum assets covering a complete set of 2G, 3G, 4G and potential 5G frequencies preserves the government's option to enable a future player to offer telecommunication services

Transaction Rationale

Solution to harmonize the spectrum assets in the country

- Transactions aim to harmonize the spectrum assets in the country
- Heeds the call of incoming administration for better mobile internet services in the country
- Immediately unlocks the benefits of underutilized frequencies
- Returned frequencies allow government the ability to enable future players

Allows Globe to utilize frequencies to provide faster data services

- Provide customers with better experience on mobile data and home broadband services progressively over the next twelve months
- Unique opportunity to fast-track the roll-out of Globe's mobile data network, despite the challenges faced in site acquisitions
- Allows Globe to provide its 57.3 million mobile customers with more choices in terms of products and services suited to their needs and budget

CAPEX programs in place to provide better data experience

- Committed to CAPEX programs of at least \$750 million, slightly higher than actual 2015 CAPEX
 - To support growing demand for mobile data and home broadband connectivity across different technologies
 - Set to deploy fiber optic cables to 20,000 barangays to provide faster and more reliable internet services to 2 million homes nationwide

Conclusion

The transaction will enable Globe Telecom to provide enhanced mobile internet services at a lower cost, hence providing significant strategic benefits for consumers, the general public and shareholders of Globe Telecom



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