

COVER SHEET

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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)

ROSEMARIE MANIEGO-EALA

Contact Person

797-2000

Company Telephone Number

1 2 / 3 1
Month Day
Fiscal Year

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FORM TYPE

0 4 / 2 3
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
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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Remarks = pls. Use black ink for scanning purposes

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. **August 3, 2020**
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
- 1634**
Postal code
8. **(02) 7797-2000**
Registrant's telephone number, including area code
9. **N/A**
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 June 30, 2020)
COMMON SHARES	133,432,727
TOTAL DEBT (in Millions of Pesos)	151,702

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

Re: Quarterly Results Press Release

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 : **3 August 2020**

GLOBE TELECOM, INC.

Registrant

DocuSigned by:



ROSEMARIE MANIEGO-EALA

Chief Finance Officer



GLOBE ANNOUNCES 2nd QUARTER & FIRST HALF 2020 RESULTS:

NETWORK EXPANSION CONTINUES TO KEEP DATA SERVICES RESILIENT AMIDST COVID-19

REVISED FULL YEAR CAPEX GUIDANCE OF ₱50.3 BILLION TO SUPPORT ROLL-OUT OF HIGH-SPEED INTERNET IN THE COUNTRY

Now more than ever, Globe remains committed in enabling the digital lifestyle to more Filipinos. Under the new normal, consumers, business entities, and local government units have begun to realize the essential value of connectivity. This is the driving force behind the Company's aggressive network expansion amidst the COVID-19 health crisis. As more people and companies rely on strong and stable internet connections, given the prolonged community quarantine in the country, Globe invested a total of ₱20.9 billion in its network in the first half of the year, 10% higher than last year and representing 29% of gross service revenues and 54% of EBITDA. Bulk of the capex spending went to data-related requirements, comprising 76% of the total capex spending for the period.

Despite limitations brought about by the community quarantine and physical distancing restrictions, Globe pushed for the expansion of its 5G coverage in key areas in the metro, specifically in the Makati and Bonifacio Global City Central Business Districts (CBDs), to enable the 5G experience and make it available to its mobile customers by the 3rd quarter of this year. Globe is the first telco in the country to introduce 5G technology in 2019, and the first company to offer the first 5G capable smartphone in the Philippines early this year. To support the roll-out of this high-speed mobile technology and further expand the LTE network coverage nationwide, the revised capex guidance for 2020 is estimated to be ₱50.3 billion, lower than the original guidance of ₱63.0 billion given the delays in the rollout during the ECQ/MECQ period.

On the financial side, Globe's consolidated service revenues in the first half of the year was at ₱72.4 billion, a decline of 1% from ₱72.9 billion a year ago. On a quarterly basis, revenues dropped by 4% given the full impact of ECQ/MECQ to operations. Total data revenues, which now account for 75% of total service revenues (versus 70% last year), was again the top revenue contributor, given the surge in consumption as Filipinos stayed in their homes and shifted into online activities (work/learn from home, video and teleconferencing, online shopping, online/mobile banking, video entertainment, etc.). Consolidated EBITDA stood at ₱38.4 billion with EBITDA margin reaching 53%. The continued network investments resulted in higher depreciation, leading consolidated net income to drop by 5% from ₱12.0 billion a year ago to only ₱11.5 billion this period. Similarly, core net income declined year-on-year by 8% from ₱12.0 billion in the same period of 2019.

President and CEO statement

Ernest L. Cu, President and CEO of Globe Telecom Inc., commented:

"Globe's network has withstood and continues to prove its resilience during this COVID-19 pandemic. Our priority to keep our network up to speed has allowed us to continuously serve our customers and ensure that communities stay connected during these tough times. For the first half of 2020 alone, we already invested ₱20.9 billion in capex, which represent 29% of revenues and 54% of EBITDA. In addition,

together with our customers and fellow employees, we came up with over ₱1.3 billion in combined services and assistance packages for COVID-19 consisting of support for our employees and vendor partners, services and promos, external fund-raising efforts, and monetary and in-kind donations.

While we expect revenues for full year 2020 to decline by low single digit against last year, given the impact of community quarantine restrictions, we do see growth opportunities on the home broadband front and ICT space. Higher demand for internet connectivity and cloud solutions are expected as companies have been forced to embrace remote working for employees and to fast-track their digitalization efforts. Mobile data and digital solutions will also increase traction with more customers adopting a digital lifestyle in the new normal. Despite the challenges, we are confident in our effective cost management efforts, to keep our EBITDA at around the 50% level, ensuring the sustainability of our operations and services. And, even in the face of growing uncertainties in this time of the pandemic, our unwavering commitment and focus to better serve our customers and the nation's needs, will keep us ahead through these difficult times."

Mobile business revenues for the second quarter declined by 7% from the ₱26.8 billion reported in the first quarter bringing total revenues for the first half of the year at ₱51.8 billion, 5% lower than same period last year. This was mainly driven by the decline in prepaid top ups and postpaid acquisition particularly during ECQ period. Prepaid top ups began recovering close to pre-ECQ levels during the latter part of the quarter, as the country slowly re-opened the economy, allowing some sectors of the society to go out and work. Total mobile revenues comprised 72% of the total service revenues, with total mobile subscriber base of 80.2 million.

From a product view, mobile data revenues generated ₱35.8 billion in the first six months of 2020 versus ₱34.0 billion of last year, as customers now spend more time online. Mobile data currently accounts for 69% of mobile revenues from 63% a year ago. Mobile data traffic jumped from 764 petabytes in the first half of 2019 to 1,106 petabytes this period, or a 45% growth year-on-year. Meanwhile, mobile voice and mobile SMS revenues for the period, ended at ₱10.2 billion and ₱5.8 billion, lower year-on-year by 16% and 30%, respectively, as more customers shift to data-based services versus the traditional voice calls and text.

Offsetting the decline in mobile business, home broadband sustained its growth momentum, generating a 19% revenue growth to reach ₱12.5 billion this period from ₱10.6 billion reported a year earlier. Total home broadband subscriber base now stands at over 2.9 million, up 58% from the first half of 2019, driven mainly by the sustained increase of fixed wireless broadband users. This growth was also achieved due to higher take up of Home Prepaid Wi-Fi as demand for wireless connectivity increased as Filipinos were forced to stay and work/learn from home due to restrictions brought about by the community quarantine. As of the first semester of 2020, Home Prepaid Wi-Fi (HPW) data traffic soared to 182 petabytes from 45 petabytes in same period of 2019.

Corporate Data revenues on the other hand, contracted by 3% year-on-year with total revenues of ₱6.2 billion as of end-June 2020, largely coming from lower domestic and international services. This was partly cushioned by higher information and communication technology (ICT) revenues, as enterprises advanced their digitalization efforts.

Meanwhile, total operating expenses including subsidy posted ₱34.0 billion for the period, a 1% decline from same period last year due to the cost saving initiatives put in place to manage some of the impact from the pandemic. This was partly negated by the additional provisions for trade receivables booked in the second quarter. Excluding this one-time trade provisions, operating expenses would have dropped by 6% against the first half of 2019. Consolidated EBITDA ended the first half of 2020 at ₱38.4 billion, slightly lower by 1% from same period of 2019. With the sustained increase in depreciation charges fully offsetting the decline in non-operating expenses, net income declined by 5% from the ₱12.0 billion reported last year.

Accordingly, core net income, which excludes the impact of non-recurring charges, and foreign exchange and mark-to-market charges, posted ₱11.1 billion, 8% lower year-on-year.

Globe's balance sheet remained strong with ample liquidity and gearing comfortably within bank covenants. Notwithstanding the higher debt of ₱151.7 billion versus ₱136.3 billion in 2019, Globe is well within the ratios prescribed under its loan agreements; Gross debt to equity is at 1.78x while gross debt to EBITDA is at 2.06x; Net debt to equity ratio is at 1.61x while net debt to EBITDA is 1.86x; and Debt service coverage ratio is at 4.48.

Recent Developments:

Globe successfully raised US\$600 million in bonds last July 16, 2020, consisting of US\$ 300 million 10-year and US\$ 300 million 15-year Reg S only dual tranche unrated US dollar-denominated senior notes with a coupon rate of 2.500% and 3.000%, respectively. This offering represents the first time Globe is tapping the international debt capital markets since 2004 allowing the Company to take advantage of the favorable interest rate environment and diversify its lender base. The Notes are unrated and have been applied for listing on the Singapore Exchange Securities Trading Limited. The net proceeds from the issue of the Notes will be used to finance Globe's capital expenditures, refinance maturing and/or existing obligations, and for general corporate requirements.

Risks and Impact of COVID-19 on Globe's Business Operations and Commitment to Service:

Globe's business continuity and proactive response to managing the risks of the pandemic kept operations for the second quarter of the year on a Work from Home (WFH) with Critical Skeletal Force operations scheme, to keep the employees safe while maintaining essential networks and services to support customer needs. As most parts of the country has eased quarantine restriction guidelines, Globe reopened Globe Stores beginning May 18 to jumpstart acquisition efforts and serve its customers' mobile and internet needs. As a precautionary measure, the Globe stores strictly adhere to the government's health protocols such as physical distancing, disinfection and sanitization of the premises, wearing of Personal Protective Equipment (PPE) of all store personnel, installation of plastic and acrylic boxes at transaction counters, and shortened operating hours.

Globe has also provided food allowance, transportation, accommodation, insurance, and medical expense assistance to its critical skeletal workforce who kept back-end operating systems including the Globe network fully operational particularly during the enhanced community quarantine. In May 2020, Globe started weekly rapid antibody testing of all its critical skeleton workforce. The second wave of employee testing was done in June to ensure that both the workforce and the Company's stakeholders are protected from COVID-19 spread and infection. The testing covered both regular and partner employees working within Globe offices and sites. Rapid antibody testing operations were concluded last June 30, 2020 with the Company's testing strategy focusing on systematic testing based on daily employee health declarations. Globe has also equipped its critical skeletal workforce with its GC19 app, which triggers red flags prior to entry into Globe's offices.

Beyond its business operations, Globe ensured that it is doing its part in supporting its customers and the nation through these challenging times. During the first three months of the pandemic, Globe was able to come up with over ₱1.3 billion in combined services and assistance package for COVID-19. This consists of support for Globe employees and vendor partners, services and promos, external fund-raising efforts, and monetary and in-kind donations. Bulk of the amount went to salaries and benefits, which Globe

continued to provide even to managed service partners and vendor employees to help ensure their safety, health, and well-being as well as their families.

There were numerous services and promos offered by Globe to assist both the government and its customers, ranging from toll-free hotlines and zero-rated access to select government websites and relevant apps, increased data allocation to customers, free unlimited WiFi services to hospitals, airports, and supermarkets, free or discounted access to work-from-home tools for businesses, free telehealth, and mental health services, free preloaded mobile phones for hospital and government frontliners, and free SMS broadcast, among others. Globe launched donation drives to help frontliners, hospitals, and relevant government and non-government organizations. Millions of pesos were raised to purchase rapid antibody testing kits and personal protective equipment including face shields and face masks. Likewise, the company provided financial assistance for the conversion of the World Trade Center into a temporary healthcare facility and for the provision of relief packs for underprivileged communities. During this time of the pandemic, Globe is also working closely with the Department of Education to assist the sector through low cost data plans and devices as well as teacher training, online platforms and mental health support.

Moreover, Globe gave all postpaid customers, including enterprise customers nationwide, an option to enroll to installment payment program starting May 15 until June 15, 2020 for their unpaid bill balances, as the Company understand that some of its customers may still be financially challenged due to the impact of the ECQ. Globe also suspended the service fees for Loan Load and Utang Load until May 28, 2020, so that its pre-qualified prepaid customers can still borrow load for call, text and data if they run out of credits. All prepaid customers can also avail of emergency services that will give them access to SURFSOS (5 MB) and GTSOS (3 text message for Globe/TM + P1 load). Globe also supported its business clients implement the work-from-home arrangement for their employees.

In addition, Mynt's GCash, Globe's fintech arm, has powered the national government's Social Amelioration Program (SAP), allowing beneficiaries to use their GCash wallets to receive their financial assistance from the Department of Social Welfare and Development (DSWD). GCash is also processing the financial aid of the local governments of Makati, Quezon City, and Pasig to disburse their own supplemental cash assistance to their residents. Aside from this, the GCash platform also helped merchants and social sellers connect with their customers, by providing them with a safe, secure, and convenient mobile payment system while also greatly reducing human contact and the risk of spreading the virus.

Finally, Globe is continuously looking for ways to make life easier for Filipinos who are still adjusting to the new normal. The company is making inroads with 917 Ventures, its wholly-owned subsidiary and the largest corporate incubator in the Philippines that provides services beyond connectivity. For instance, KonsultaMD telehealth services are now offered both through calls and videos for medical consultation anytime and anywhere. For financial inclusion, GCash has extended its services to cater not only to online payments but also to provide better than bank rate savings and lending facilities all in the same app.

For recent updates on how Globe is responding to COVID-19, you may access the Globe website via this link: <https://www.globe.com.ph> and the Globe #StayAtHome page via this link: <https://www.globe.com.ph/stay-safe-at-home.html>

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About Globe

Globe Telecom, Inc. is a leading full-service telecommunications company in the Philippines. The company serves the telecommunications and technology needs of consumers and businesses across an entire suite of products and services including mobile, fixed, broadband, data connectivity, internet and managed services. It has major interests in financial technology, digital marketing solutions, venture capital funding for startups, and virtual healthcare. In 2019, Globe became a signatory to the United Nations Global Compact, committing to implement universal sustainability principles. Its principals are Ayala Corporation and Singtel, acknowledged industry leaders in the country and in the region.

It is listed on the Philippine Stock Exchange under the ticker symbol GLO and had a market capitalization of US\$5.4 billion as of the end of June 2020.

For more information, visit www.globe.com.ph. Follow @enjoyglobe on Facebook, Twitter, Instagram and YouTube.