

# COVER SHEET

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(Company's Full Name)

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

**ROSEMARIE MANIEGO-EALA**

Contact Person

7797-2000

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

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Secondary License Type, if Applicable

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Amended Articles Number/Section

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Total No. Of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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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. **4 May 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.   
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 March 31, 2020)
<b>COMMON SHARES</b>	133,208,407
<b>TOTAL DEBT (in Millions of Pesos)</b>	144,739

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

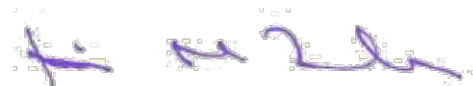
#### Re: Quarterly Results Press Release

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.

**GLOBE TELECOM, INC.**

Registrant

Date : **4 May 2020**



**ROSEMARIE MANIEGO-EALA**

Chief Finance Officer

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## **GLOBE ANNOUNCES FIRST QUARTER 2020 RESULTS:**

### **1<sup>st</sup> QUARTER EARNINGS NOT REFLECTIVE OF COVID-19 IMPACT**

### **GLOBE REDUCES CASH DIVIDEND PAYOUT TO CONSERVE CASH FOR OPERATIONS**

### **NETWORK ROLL-OUT CONTINUES TO SUPPORT THE NATION'S NEEDS**

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Globe's digital transformation over the last five years paved the way for the Company's resilience during the COVID-19 pandemic. Despite the limitations brought about by the enhanced community quarantine (ECQ) in Luzon, Globe was able to continue its operations even on a Work from Home (WFH) with Critical Skeletal Force operations scheme. This was accomplished with the support of the government by allowing access to its network facilities particularly during the ECQ.

As the ECQ was only effected in the last 2 weeks of the quarter, Globe was still able to continue to invest on its network, spending ₱10.7 billion, 22% higher than last year and representing 29% of gross service revenues. Bulk of the capex spending went to data-related requirements, comprising 68%, as the Company continued to invest in wonderful experiences for Filipino families and businesses. This investment allowed Globe to ensure stable data connections and provide enhanced internet services to its customers most importantly during this time of crisis.

However, given the full impact of the ECQ and the delays the Company is experiencing with its network rollout, capex guidance for the second quarter will likely be lower by at least ₱2.0 billion from the first quarter capex spend. Although plans to ramp up spending once operations normalize are in place, the full impact on the planned 2020 capex will be re-evaluated once ECQ is lifted on 15 May 2020.

Globe's consolidated service revenues for the first three months of 2020 totaled ₱36.9 billion, a healthy 2% increase from ₱36.0 billion a year ago given the limited impact of COVID-19 to operations during the period covered. Total data revenues, which now account for 75% of total service revenues (versus 69% last year), remained the key driver for this growth, given the greater customer demand for online video entertainment and internet connectivity. Consolidated EBITDA stood at ₱20.5 billion with EBITDA margin reaching 56% (from 55% in 2019). The sustained network investments resulted in depreciation and non-operating charges likewise increasing, leading consolidated net income to decline by 2% to ₱6.6 billion this period from ₱6.7 billion a year earlier. Similarly, core net income posted a year-on-year decline of 3% from ₱6.7 billion in 2019.

#### **President and CEO statement**

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

*"I am pleased to report that Globe remained resilient and posted healthy results in the first quarter, despite going into enhanced community quarantine (ECQ) in the last two weeks of March. While we are grateful for our recent achievement, we understand that this is not reflective of our performance moving forward. In light of this extraordinary environment, we expect revenues in the next quarter to decline by low double-digits from the first quarter levels, as the ECQ limits people's movement and affects their disposable*

*income. However, as we prepare for the new reality, we do see an acceleration in home broadband services, and cloud-based and cybersecurity solutions given the move of most companies to work remotely. Consequently, we expect to maintain EBITDA margin at low 50s, as the reduced operations allow us to control some expenses.*

*Furthermore, Globe is very well positioned to pull through this unprecedented time, with a strong balance sheet and an effective and efficient Business Continuity Plan in place. Outlook for the balance of the year will be assessed further as the impact is highly dependent on the duration of the community quarantine.*

*Our top priorities at this time are the safety of our employees, and supporting the nation's needs through the mitigation of network disruptions and ensuring that our network keeps up with the increased spike in data traffic. Rest assured that our unwavering commitment to better serve and help our customers surpass these challenging times and emerge stronger, compel us to keep on creating new programs and solutions to alleviate the challenges that lie ahead of us."*

For the Mobile business, revenues posted ₱26.8 billion as of end-March 2020, relatively flat year-on-year given lower Prepaid top up and Postpaid acquisitions. Total mobile revenues comprised 73% of the total service revenues, with total mobile subscriber base now reaching 89.3 million, up 7% compared to the same period of 2019.

From a product standpoint, mobile data revenues generated ₱18.5 billion in the first quarter of 2020 versus ₱16.5 billion of last year, as customers spend more time online. Mobile data now accounts for 69% of mobile revenues from 61% a year ago. Mobile data traffic jumped from 370 petabytes in the first three months of 2019 to 522 petabytes this period, or a 41% growth year-on-year. Meanwhile, mobile voice and mobile SMS revenues for the period ended at ₱5.3 billion and ₱3.0 billion, lower year-on-year by 15% and 28%, respectively, as more customers shift to data-based services versus the traditional voice calls and text.

For the Home Broadband business, revenues grew to ₱5.8 billion this period from ₱5.2 billion reported in the same period a year earlier. Total home broadband subscriber base now stands at over 2.2 million, up 32% from the first three months of 2019, driven mainly by the rising level of fixed wireless broadband users. This was also supported by the strong take up of Home Prepaid Wi-Fi (HPW) and @Home broadband plans bundled with the best local and international content.

Corporate Data revenues improved by 4% year-on-year with total revenues reaching ₱3.2 billion as of end-March 2020, largely coming from the rise in information and communication technology (ICT) revenues and 3% expanded circuit base.

Globe's total operating expenses including subsidy posted ₱16.4 billion for the period, a 2% increase from a year ago, leading to consolidated EBITDA to end the first three months of 2020 at ₱20.5 billion, up 3% from same period last year. However, with the sustained increase in depreciation charges and higher share in affiliates' losses, net income declined by 2% from the ₱6.7 billion reported last year. Accordingly, core net income, which excludes the impact of non-recurring charges, and foreign exchange and mark-to-market charges, stood at ₱6.6 billion, 3% lower year-on-year.

Globe's balance sheet is at its healthiest in the last five years, with debt levels at a manageable level and well within covenant ratios. Cash balance as of March 31, 2020 is at ₱14.5 billion, a sharp increase against end-2019 of ₱8.3 billion, as liquidity is prioritized in the near term considering the risks brought by the ECQ. Likewise, gross debt also rose, now at ₱145 billion versus ₱136 billion in 2019. Notwithstanding the higher debt, Globe is still at a comfortable level with its debt ratios; Gross debt to equity is at 1.71x while gross debt to EBITDA is at 1.97x; Net debt to equity ratio is at 1.54x while net debt to EBITDA is 1.77x; and Debt service coverage ratio is at 4.56.

As Luzon went into ECQ, Globe's swift response to the nation's call for bayanihan spirit was to offer assistance to all its customers; all postpaid customers, including enterprise customers nationwide were given 60 days credit payment extension. Globe and TM users who subscribed to KonsultaMD can get in touch with doctors via its telehealth hotline without any mobile call charges, and Mobile Prepaid customers who subscribed to GoSurf50 were given an increased data allocation from 1 GB to 2 GB (applicable to all websites), valid for three days starting March 25 to April 25, 2020. Discounts were likewise given with free installation to all new Globe At home postpaid customers during the Luzon-wide lockdown. An additional 8 GB were also provided to prepaid customers who subscribed to HomeSurf199, bringing up data allocation from 22 GB to 30 GB (23 GB open access data + 1 GB of Youtube daily) valid for seven days (with promo period until April 21, 2020). Globe also supported its enterprise clients by ensuring ample supply chain capacity to serve all the orders especially since there was increased demand for HPW from enterprise clients ordering for their WFH employees. All these were done as the Company continuously provides enterprise clients with the right technology, infrastructure, and know-how to create a positive impact and help them move forward with their business continuity initiatives.

### ***Recent Developments:***

On April 16, 2020, the Globe Board of Directors, through its Executive Committee, approved the acquisition of substantially all of the assets of US-based entities, Cascadeo Corporation and Cascadeo Partners and Cascadeo's Philippine subsidiary, Cascadeo Inc. (referred to as Cascadeo) for US \$4M (~Php200Mn), and the signing of a memorandum of agreement setting forth the conditions to close the transaction including the execution of certain definitive agreements and attainment of the approval of the Committee on Foreign Investment in the United States ("CFIUS"). The Executive Committee likewise approved the creation of new entities through which the acquisition will be made. Globe, along with Cascadeo, will make follow up investments for growth capital to fund the company's expansion strategies. Globe will keep pertinent regulators and the investing public informed of any developments on the matter. The deal forms part of the strategy of Globe Business to become an AWS Premier Consulting Partner, a much coveted status among ICT companies, to aid enterprise customers in their digital and cloud transformation, and to accelerate their development of ICT capabilities and solutions to provide their customers a complete suite of cloud-native products and services.

Furthermore, Globe's Board of Directors approved in its meeting today, the declaration of the second quarter 2020 cash dividend of ₱24.83 per common share payable on June 3, 2020 to shareholders on record as of May 18, 2020. The second quarter cash dividend payment total is about ₱3.3 billion. Assuming this same amount will be declared for the balance of the year plus the ₱27 per share declared in February, total dividend payout will be 60% of 2019 core net income, still consistent with the Company's dividend policy of 60% to 75% of prior year's core net income. The decision to change the dividend payout for the quarter was an effort to conserve cash as a healthy balance sheet and strong cashflows are key to managing the challenges brought about by this extended quarantine period.

The Board of Directors likewise approved the declaration of the second semi-annual cash dividend for holders of its non-voting preferred shares on record as of July 28, 2020. The amount of the cash dividend shall be at a fixed rate of 5.2006% per annum calculated in respect of each share by reference to the offer price of ₱500.00 per share on a 30/360 day basis for the six-month dividend period. Total amount of the cash dividend will be paid on August 24, 2020.

### **Risks and Impact of COViD-19 on Globe's Business Operations and Commitment to Service**

On March 16, 2020 the Philippine government declared an enhanced community quarantine covering the whole of Luzon, including the National Capital Region (NCR), in view of COViD-19, earlier declared a pandemic by the World Health Organization on March 11, 2020. As outlined in its Business Continuity Plan, Globe recognizes the critical risks that a disruption from an Emerging Infectious Disease (EID) can bring to its operations. Workforce health and safety, supply chain disruption and the need to provide seamless connectivity are some of the critical aspects that the Company immediately addressed.

The magnitude of the pandemic's impact to the company's overall business operations and the whole economy will have to be assessed further.

Beyond its business operations, Globe likewise ensured that it is doing its part and supporting the nation in this time of uncertainty. The Company is providing free access to reliable and verified news and information sources, offering free and unlimited GoWiFi service in a growing list of hospitals, airports, and supermarkets. Globe also led fundraising and donations efforts in the fight against CoViD-19, raising close to ₱84 million, including ₱36 million in cash donations raised by loyal Globe customers through their Globe Rewards Points for partner medical institutions to provide PPEs for health workers and frontliners; over ₱27.5 million raised by employees from a fundraising initiative primarily aimed at providing much-needed PPEs, face shields, and face masks to healthcare workers in 50 hospitals across the country; and donations in kind for hospitals and frontliners, ranging from medical supplies to 1,500 mobile phones preloaded with 45 days unlimited call and text. The #OneGlobeVsCOVID project of the company's over 8,000 workforce realized total employee donations of ₱13.79 million which was 100% matched by Singtel and Globe. Lastly, Globe earmarked ₱270 million in financial support for vendor partners and retail stores support staff salaries as part of the Ayala Group's ₱2.4 billion emergency aid package.

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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For questions, please contact:

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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\$5.1 billion as of the end of March 2020.

For more information, visit [www.globe.com.ph](http://www.globe.com.ph). Follow @enjoyglobe on Facebook, Twitter, Instagram and YouTube.