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# SECURITIES AND EXCHANGE COMMISSION

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**GLOBE ANNOUNCES 4<sup>th</sup> QUARTER and FULL YEAR 2016 RESULTS****SOLID 4Q AND FULL YEAR RESULTS DESPITE HEIGHTENED INDUSTRY COMPETITION:**

**ALL TIME HIGH CONSOLIDATED SERVICE REVENUES AT ₱120.0 BILLION, UP 6% YoY;  
RECORD LEVEL EBITDA AT ₱50.0 BILLION; UP 9% YoY;  
NIAT AT ₱15.9 BILLION, DOWN 4% YoY;  
RECORD CORE NIAT AT ₱16.0 BILLION, UP 6% YoY;  
MOBILE SUBSCRIBERS AT 62.8 MILLION, UP 12% YoY**

**GLOBE BOARD APPROVES 1<sup>ST</sup> QUARTERLY DISTRIBUTION OF COMMON CASH DIVIDENDS OF ₱22.75 PER SHARE**

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Globe Telecom, Inc. closed the year with all time high consolidated service revenues of close to ₱120.0 billion, outpacing the previous record level of ₱113.7 billion in 2015 by 6%. Revenues peaked in the fourth quarter, reaching a new record high of ₱30.9 billion, up 5% from last quarter and 2% higher than the same quarter in 2015. The sustained revenue momentum, despite the competitive intensity in the market during the second half of 2016, was driven by the solid growth in data-related products across all segments, and robust subscriber growth for both mobile and broadband. This was likewise supported by the sustained execution excellence for the various product launches during the year, backed by its improved network performance, as Globe moves forward with its capacity and coverage enhancement initiatives intended to elevate the state of internet in the country.

Mobile revenues slightly grew year-on-year, at ₱91.9 billion in 2016 from the ₱91.2 billion reported a year ago, driven by the continued shift from core voice and SMS in favor of data as more Globe customers adopt the digital lifestyle. *TM*, the Company's mass-market brand, registered 3% revenue growth from last year, while *Globe Postpaid* revenues posted a slight 1% improvement from 2015, partly offset by *Globe Prepaid* revenues, which posted a year-on-year decline of 1%. At the end of December 2016, Globe's mobile subscriber base reached 62.8 million, up a robust 12% from the 56.2 million subscribers reported in 2015, driven by the record-level prepaid gross acquisitions during the year despite the increased blended churn rates.

On a product perspective, mobile data is now the biggest contributor to total mobile revenues (38%), outpacing voice (37%), despite the industry aggression in data pricing in the second half of the year. Mobile data service revenues reached ₱34.6 billion in 2016, 25% higher than the ₱27.7 billion reported a year ago. Mobile data traffic grew 44% from 252 petabytes (PB) to 361 PB in the year just ended, as smartphone penetration now reached 61%, given the market's positive response to Globe's expanded data-driven product portfolio. Consistent with global trends, voice and SMS revenues remain challenged with the continuous migration to internet-based applications.

The Globe home broadband business likewise sustained its growth momentum at ₱14.5 billion in 2016, increasing revenues by 28% year-on-year, with total subscriber base now reaching 1.13 million. The impressive growth in revenues was driven by the continued subscriber expansion in fixed wireless (+23%) solutions, given the favorable customer response to Globe home broadband's latest plans, which

not only incorporate fully-upgraded speeds and data allocation, but also comes bundled with their choice of premium content, and the most cutting-edge devices for a full on-demand entertainment experience. Globe's corporate data business likewise improved year-on-year at ₱9.9 billion as of end 2016 or 28% higher from the ₱7.7 billion posted in 2015, as demand for data connectivity continues to surge, impacting customer expansion, circuit count increase and higher usage. The strong demand for internet and domestic leased lines, as well as cloud computing solutions, contributed to the revenue growth in the corporate data business. The growth was likewise aided by the revenue contribution from Bayan's corporate data revenues. Traditional fixed line voice revenues, also posted an 11% increase year-on-year at ₱3.8 billion as of end 2016 due to the continued popularity of the new home broadband bundled plans.

Globe posted another record-level consolidated EBITDA, ending the year with close to ₱50 billion, up a robust 9% from a year ago. Total operating expenses and subsidy grew in step with revenues, or higher by 3% year-on-year to ₱70.0 billion from ₱67.7 billion last year, as Globe continued to re-invest gains to support the growing subscriber base and the aggressive expansion of its data network. EBITDA margin was at 42%, higher than the previous year's margin of 40%.

Despite the strong growth in EBITDA, the increase in non-operating expenses as well as higher depreciation expenses recognized during the year led to Globe posting a 4% decline in net income at ₱15.9 billion, as against the ₱16.5 billion reported in 2015. Note that this year's non-operating expenses included ₱1.1 billion of costs related to the acquisition of Vega Telecom, Inc. ("VTI"), including Globe's share in net losses of joint venture, spectrum amortization and interest expenses related to the additional debt incurred from the VTI transaction. In comparison, Globe recorded one-time gains in 2015 coming from the sale of a 51% equity stake in Yondu, Inc. ("Yondu") and the acquisition of a 98.6% stake in Bayan. Normalized income for 2016, excluding the impact of the strategic transactions mentioned above, would have been 12% higher year-on-year from ₱15.0 billion in 2015 to ₱16.9 billion in 2016.

Globe's core net income, which excludes the impact of non-recurring charges, and foreign exchange and mark-to-market charges, likewise grew by 6% year-on-year to reach close to ₱16 billion from ₱15.1 billion in 2015.

"Notwithstanding the heightened market competition in 2016, we still managed to end the year on a high note, marked by all-time high quarterly and full year revenues, and record-level EBITDA. Our sustained growth momentum is evidence of the underlying strengths of our superior products and services and our conscious effort to create wonderful experiences for our customers." Globe President and CEO Ernest L. Cu, said. "As we move forward in 2017, we are optimistic that we will maintain our growth trajectory as we continue to strengthen our leadership in the digital space, through the use of innovation and partnerships with global content providers. We are confident that our aggressive investments in our network will meet the country's future digital demands." Mr. Cu added.

Globe spent around ₱36.7 billion in capital expenditures as of end-December of 2016 to support the growing subscriber base and its demand for data. Of the total capital expenditures spent this year, about 65% was for the data service needs of its customers. To date, Globe has a total of 32,846 base stations, with over 21,300 for 4G<sup>1</sup>, to support the service requirements of its customers.

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

**Recent Developments:**

The Board of Directors approved in its meeting today the first quarterly distribution of cash dividends of ₱22.75 per share, payable on March 8, 2017 to stockholders on record as of February 21, 2017. The first quarter cash dividend payment total is about ₱3.0 billion.

On February 6, 2017, the Board of Directors of Globe, through its Executive Committee, approved the transfer of ownership of G-Xchange, Inc. [GXI) to Globe Fintech Innovations, Inc. (Mynt), Globe's wholly-owned subsidiary. GXI provides mobile commerce services under the GCash brand while, Mynt is a holding company for our financial technology businesses.

## 2016 FINANCIAL SUMMARY

| <i>In Million Pesos</i>               | Globe Group    |                |            | Bayan <sup>1</sup> |
|---------------------------------------|----------------|----------------|------------|--------------------|
|                                       | Year on Year   |                |            | (Standalone)       |
|                                       | 31 Dec         | 31 Dec         | YoY        | 31 Dec             |
|                                       | 2016           | 2015           | Change (%) | 2016               |
| <b>Service Revenues</b>               | <b>119,990</b> | <b>113,679</b> | <b>6%</b>  | <b>5,665</b>       |
| Mobile                                | 91,877         | 91,243         | 1%         |                    |
| Home Broadband                        | 14,460         | 11,320         | 28%        | 2,181              |
| Corporate Data                        | 9,873          | 7,698          | 28%        | 2,543              |
| Fixed line Voice                      | 3,780          | 3,418          | 11%        | 941                |
| <b>Operating Expenses and Subsidy</b> | <b>70,012</b>  | <b>67,718</b>  | <b>3%</b>  | <b>3,055</b>       |
| <b>EBITDA</b>                         | <b>49,978</b>  | <b>45,961</b>  | <b>9%</b>  | <b>2,610</b>       |
| <b>EBITDA Margin</b>                  | <b>42%</b>     | <b>40%</b>     |            | <b>46%</b>         |
| <b>Depreciation</b>                   | <b>23,849</b>  | <b>21,133</b>  | <b>13%</b> | <b>1,374</b>       |
| <b>Net Income After Tax (NIAT)</b>    | <b>15,888</b>  | <b>16,484</b>  | <b>-4%</b> | <b>1,401</b>       |
| <b>Core Net Income</b>                | <b>16,014</b>  | <b>15,126</b>  | <b>6%</b>  | <b>1,571</b>       |

<sup>1</sup>Standalone Bayan financial results, gross of intercompany transactions between Globe and Bayan

<sup>2</sup>2015 service revenues have been restated to reflect the change in the presentation of fully mobile broadband to be part of mobile business (reported under broadband previously).

<sup>3</sup>2015 operating expenses and non-operating expenses have been restated to reflect the change in presentation of equity share in net earnings and/or losses of associates and joint ventures as part of non-operating charges (previously reported as part of services & others). The change in the presentation of equity share in net earnings(losses) of associates and joint ventures was done to align with telecommunications peers.

- Full year consolidated service revenues once again reached a new record high of close to ₱120.0 billion from ₱113.7 billion last year due to the continuous surge in data consumption across all business segments. Mobile revenues were up 1% to ₱91.9 billion from last year's ₱91.2 billion, due to the continued growth on the Company's mass market brand *TM* (+3%) and *Globe Postpaid* (+1%), but were partly offset by the decline in *Globe Prepaid* (-1%). This was likewise supported by the robust 12% mobile subscriber base growth year-on-year to 62.8 million from 56.2 million last year. Home broadband, corporate data and fixed line voice revenues, likewise, sustained its growth momentum year-on-year, posting 28%, 28% and 11% increases, respectively, due to strong subscriber growth and increasing demand for faster data connectivity and corporate internet solutions for both its consumer and corporate clients.
- Total operating expenses and subsidy increased by 3% year-on-year to ₱70.0 billion from ₱67.7 billion a year ago. This was mainly driven by increases across all expense line items (except for subsidy and marketing expenses) to support Globe's aggressive data network expansion and overall service enhancements.
- Globe's consolidated EBITDA reached another record high of close to ₱50 billion, surpassing last year's previous record of ₱46 billion, due the strong topline growth and partly due to the contribution from Bayan, which provided an EBITDA upside of ₱2.6 billion for the year just ended. EBITDA margin for 2016 was at 42%, higher versus last year's margin of 40%, as the overall revenue gains fully covered for the increase in expenses.

- Total depreciation expenses for 2016 posted a 13% increase to ₱23.8 billion from the ₱21.1 billion reported in 2015, given the one-time depreciation impact arising from the end of useful life of certain corporate assets, and the depreciation costs of incremental asset builds related to Globe's 2015 and 2016 capital expenditure programs. The increase in depreciation was also due to the full-year impact of Bayan's depreciation charges.
- Overall, total operating costs including depreciation charges, rose to ₱93.9 billion or 6% higher than the ₱88.9 billion reported in 2015.
- Non-operating charges increased by 208% year-on-year, mainly driven by the impact of the ₱1.1 billion costs related to the acquisition of Vega Telecom, Inc. ("VTI"), including Globe's share in net losses of joint venture, spectrum amortization and interest expenses related to additional debt incurred from the VTI transaction, as against the one-time gains booked in the second half of 2015. These one-time gains came from the sale of a 51% stake in Yondu to Xurpas, Inc. ("Xurpas"), including the fair market valuation adjustment on Globe's remaining 49% stake in Yondu, and valuation adjustments upon the acquisition of a 98.6% stake in Bayan in July 2015. In addition, increase in interest expense as of end December 2016 was due to this year's higher interest expense on dollar rate and higher loan balance.
- The Globe Group closed the year with consolidated net income of ₱15.9 billion, down 4% from previous year's record high level of ₱16.5 billion due to the increased non-operating charges booked this period. However, this was partly mitigated by the positive impact of the recognition of Bayan's net operating loss carryover (NOLCO) in the fourth quarter of the year. Excluding the impact of the strategic transactions (SMC, Yondu, BTI), normalized net income would have been higher by 12% year-on-year.
- As of the end-December 2016, total cash capital expenditures stood at about ₱36.7 billion (approximately \$772 million), 14% higher than last year's level of ₱32.1 billion. The increase in capital expenditures was partially driven by the delay in capex cash flows in the latter part of 2015, which spilled into 2016 and the Company's continued aggressive network expansion. To date, Globe has a total of 32,846 base stations, with over 21,300 for 4G<sup>2</sup>, to support the service requirements of its customers.
- For 2017, the Company expects the market to remain highly competitive, given the continued shift of the customer's lifestyles and usage in a digital world. Against this environment, the Company believes that the current revenue momentum built, coupled with the aggressive investments made in the Globe network and the Company's evolving lifestyle bundles which aims to strongly influence the digital lifestyle of Filipinos would allow revenues to increase by mid single-digits from 2016 level. EBITDA margin is expected to remain around the current levels, as margins would be continuously impacted by the growth of our postpaid business and the increasing contribution of lower-margin data-related products, and efforts in managing costs.
- This year will likewise be impacted by the additional interest expenses from additional debt related to 2017 capex and SMC transaction. Depreciation charges will remain elevated given the anticipated capex programs. Moreover, the Company's share in equity losses and spectrum amortization related to the SMC transaction will be around ₱75 to 100 million per month.

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



- For 2017, the Company's new cash capital expenditures are programmed to be approximately \$750 million, of which majority will be related to data, including spend for deployments of LTE mobile and LTE @Home, increased network capacities and coverage, modernization of fixed line data infrastructure for corporates and transmission facilities.

### Quarter-on-Quarter Performance:

| <i>In Million Pesos</i>               | Globe Group        |               |            | Bayan <sup>1</sup> |
|---------------------------------------|--------------------|---------------|------------|--------------------|
|                                       | Quarter on Quarter |               |            | (Standalone)       |
|                                       | Q4                 | Q3            | QoQ        | Q4                 |
|                                       | 2016               | 2016          | Change (%) | 2016               |
| <b>Service Revenues</b>               | <b>30,902</b>      | <b>29,519</b> | <b>5%</b>  | <b>1,281</b>       |
| Mobile                                | 23,617             | 22,517        | 5%         |                    |
| Home Broadband                        | 3,769              | 3,661         | 3%         | 446                |
| Corporate Data                        | 2,567              | 2,443         | 5%         | 606                |
| Fixed line Voice                      | 949                | 898           | 6%         | 229                |
| <b>Operating Expenses and Subsidy</b> | <b>18,435</b>      | <b>17,606</b> | <b>5%</b>  | <b>507</b>         |
| <b>EBITDA</b>                         | <b>12,467</b>      | <b>11,913</b> | <b>5%</b>  | <b>774</b>         |
| <b>EBITDA Margin</b>                  | <b>40%</b>         | <b>40%</b>    |            | <b>60%</b>         |
| <b>Depreciation</b>                   | <b>6,448</b>       | <b>5,943</b>  | <b>9%</b>  | <b>326</b>         |
| <b>Net Income After Tax (NIAT)</b>    | <b>4,172</b>       | <b>2,742</b>  | <b>52%</b> | <b>987</b>         |
| <b>Core Net Income</b>                | <b>4,264</b>       | <b>2,913</b>  | <b>46%</b> | <b>1,097</b>       |

<sup>1</sup>Standalone Bayan financial results, gross of intercompany transactions between Globe and Bayan

- Globe's record fourth quarter consolidated services revenues of ₱30.9 billion surpassed the prior quarter's revenues of ₱29.5 billion by 5% and was 2% higher than the results posted in the same quarter of 2015. This quarter's record performance was underpinned by the strong data-driven growth across all segments as evidenced by the quarter-on-quarter increase from mobile (+5%), corporate data (+5) broadband (+3%), and traditional voice (+6%).
- Globe's subsidy and operating expenses were likewise higher by 5% quarter-on-quarter from ₱17.6 billion to ₱18.4 billion due to the increases across all expense line items except for subsidy, staff costs and provisions, as anticipated in the fourth quarter of the year. The growth in fourth quarter costs included (1) charges related to product launches in the period, including the *iPhone 7* and *iPhone 7 Plus*, (2) costs to support the expanded Globe data network and subscriber base, and (3) catch-up accruals usually booked during the last quarter of the year.
- Depreciation charges for the quarter were likewise higher by 9% from close to ₱6.0 billion last quarter to ₱6.4 billion this period, to cover for asset additions related to Globe's new projects. In total, Globe's total cost and expenses, including depreciation expenses, were higher by 6% to ₱24.9 billion from ₱23.5 billion in the third quarter of the year.
- Globe's fourth quarter EBITDA increased to ₱12.5 billion from ₱11.9 last quarter as the increase in revenues fully offset the rise in operating costs during the quarter just ended. EBITDA margin for

the quarter stood at 40%, which is at par with the previous quarter, but higher than the 37% recorded in the same quarter last year.

- Consolidated quarterly net income amounted to ₱4.2 billion, up by 52% against the ₱2.7 billion last quarter, due to the strong EBITDA coupled with the lower non-operating charges booked this period as well as the positive impact of the Bayan net operating loss carryover (NOLCO) posted in the fourth quarter of the year. Core net income, which excludes non-recurring items, foreign exchange losses and mark-to-market items, likewise improved by 46% from last quarter.

### **Mobile Business**

| <i>In Million Pesos</i>        | Quarter on Quarter |               |            | Year on Year  |               |            |
|--------------------------------|--------------------|---------------|------------|---------------|---------------|------------|
|                                | Q4                 | Q3            | QoQ        | 31-Dec        | 31-Dec        | YoY        |
|                                | 2016               | 2016          | Change (%) | 2016          | 2015          | Change (%) |
| <b>Service Revenues *</b>      |                    |               |            |               |               |            |
| Mobile Voice                   | 8,662              | 8,752         | -1%        | 34,066        | 37,128        | -8%        |
| Mobile SMS                     | 6,155              | 5,704         | 8%         | 23,199        | 26,398        | -12%       |
| Mobile Data                    | 8,800              | 8,061         | 9%         | 34,612        | 27,717        | 25%        |
| <b>Mobile Service Revenues</b> | <b>23,617</b>      | <b>22,517</b> | <b>5%</b>  | <b>91,877</b> | <b>91,243</b> | <b>1%</b>  |

Mobile service revenues, which accounted for 77% of Globe’s consolidated service revenues for the year just ended, rose to ₱91.9 billion, up 1% from last year’s level of ₱91.2 billion, due to the continued strong revenue contributions from mobile data (+25%) and the continued prepaid subscriber expansion year-on-year. These, however, were partly offset by the decline in traditional voice and SMS. On a sequential basis, Globe’s quarterly mobile revenues were also up by 5% against the previous quarter.

Mobile voice revenues, which accounted for 37% of total mobile service revenues, declined by 8% to ₱34.1 billion in 2016 from ₱37.1 billion in 2015. On a quarterly basis, mobile voice revenues likewise dropped by 1% versus the third quarter. Consistent with global trends, voice revenues remain challenged given the migration of voice traffic to alternative channels that make use of internet-based applications, such as Viber, Facebook, Skype, and Whatsapp, among others.

Mobile SMS revenues, which accounted for 25% of total mobile service revenues, closed the year at ₱23.2 billion, lower than the ₱26.4 billion recorded in the same period last year. The year-on-year decline in SMS revenues was due to the increasing popularity of over-the-top (OTT) chat applications such as *Facebook Messenger*, *Whatsapp*, and *Viber*, offering avenues for messaging to our subscribers outside of SMS. On a sequential basis, mobile SMS revenues increased by 8% quarter-on-quarter due to the expected seasonal spike during the holiday break in December.

Mobile data, the biggest contributor to mobile business, accounted for 38% of total mobile service revenues (vs. 30% in 2015). As of end-December 2016 mobile data revenues stood at ₱34.6 billion, up a robust 25% from ₱27.7 billion a year ago. On a sequential basis, mobile data revenues increased by 9% from the ₱8.1 billion posted in the previous quarter to ₱8.8 billion this period. The sustained significant growth in mobile data revenues was driven by the increasing adoption of Globe customers to the digital lifestyle plus the wider availability of affordable smartphones in the market. This was likewise enhanced by the popularity of the *GoSurf* promos, which provide premium content, along

with their data subscriptions, and the enhanced network experience from our improved 3G, HSPA+ and LTE networks.

### Key Drivers for the Mobile Business

|   | Quarter on Quarter |                   |            | Year on Year      |                   |            |
|---|--------------------|-------------------|------------|-------------------|-------------------|------------|
|   | Q4                 | Q3                | QoQ        | 31-Dec            | 31-Dec            | YoY        |
|   | 2016               | 2016              | Change (%) | 2016              | 2015              | Change (%) |
| <b>Cumulative Subscribers (or SIMs) – Net End of Period</b> | <b>62,798,858</b>  | <b>65,362,780</b> | <b>-4%</b> | <b>62,798,858</b> | <b>56,182,678</b> | <b>12%</b> |
| <b>Globe Postpaid</b>                                       | <b>2,489,719</b>   | <b>2,508,800</b>  | <b>-1%</b> | <b>2,489,719</b>  | <b>2,597,027</b>  | <b>-4%</b> |
| <b>Prepaid</b>  | <b>60,309,139</b>  | <b>62,853,980</b> | <b>-4%</b> | <b>60,309,139</b> | <b>53,585,651</b> | <b>13%</b> |
| Globe Prepaid   | 28,433,793         | 29,409,827        | -3%        | 28,433,793        | 25,915,096        | 10%        |
| TM  | 31,875,346         | 33,444,153        | -5%        | 31,875,346        | 27,670,555        | 15%        |

### Ave. Revenue Per Subscriber (ARPU)<sup>1</sup>

|                       |       |       |    |       |       |      |
|-----------------------|-------|-------|----|-------|-------|------|
| <b>Globe Postpaid</b> | 1,169 | 1,142 | 2% | 1,128 | 1,122 | 1%   |
| <b>Prepaid</b>        |       |       |    |       |       |      |
| Globe Prepaid         | 104   | 98    | 6% | 107   | 124   | -14% |
| TM                    | 60    | 57    | 6% | 63    | 73    | -14% |

### Subscriber Acquisition Cost (SAC)

|                       |       |       |     |       |       |     |
|-----------------------|-------|-------|-----|-------|-------|-----|
| <b>Globe Postpaid</b> | 7,892 | 7,505 | 5%  | 7,452 | 7,817 | -5% |
| <b>Prepaid</b>        |       |       |     |       |       |     |
| Globe Prepaid         | 20    | 18    | 11% | 16    | 14    | 14% |
| TM                    | 15    | 14    | 7%  | 13    | 12    | 8%  |

### Ave. Monthly Churn Rate (%)

|                       |      |      |  |      |      |  |
|-----------------------|------|------|--|------|------|--|
| <b>Globe Postpaid</b> | 2.8% | 3.1% |  | 3.3% | 3.2% |  |
| <b>Prepaid</b>        |      |      |  |      |      |  |
| Globe Prepaid         | 8.2% | 5.3% |  | 6.8% | 5.8% |  |
| TM                    | 8.8% | 5.2% |  | 6.8% | 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 closed the year with a total mobile subscriber base of 62.8 million, up 12% from 56.2 million subscribers last year. This was mainly driven by the sustained strong acquisitions of the Company's prepaid (*Globe Prepaid*) and mass market brands (*TM*). Combined, *Globe Prepaid* and *TM* gross acquisitions comprised 98% of acquired SIMs during the period. Due to the increased churn rates across all brands, net incremental subscribers declined by 34% from 10.1 million in 2015 to only 6.6 million net additions this period. Higher churn rate for the period was caused by a combination of system-delayed tagging and the seasonal clean-up of marginal subscribers.
- As of the end of December 2016, *Globe Postpaid* had 2.5 million subscribers, down by 4% from last year. *Globe Postpaid's* gross acquisitions for the year just ended stood at 900,606 or 18% lower

than last year. The slowdown in gross acquisition, vis-à-vis the previous years', indicates the saturation of the traditional markets for postpaid and the changing dynamics in the postpaid market. The Company has taken prudent steps in ensuring the quality of acquisitions, including the enforcement of stricter credit policies, and the development of specific programs and offerings for the lower-end of the postpaid market. Total net reduction in postpaid subscribers as of end-December 2016 resulted from the declining acquisitions and increased churn rates from 3.2% in 2015 to 3.3% this period.

- *Globe Prepaid* gross acquisitions grew by 16% year-on-year from the 21.1 million gross additions in 2015. The year-on-year improvement in gross additions was driven by the brand's continued aggressive acquisition efforts, the market's positive response to various value-for-money promotions and the popularity of *GoSurf* data bundles. Total net incremental subscribers however declined significantly by 47% due to the increased churn rate (from 5.8% a year ago to 6.8% as of end-December of 2016), to reach only 2.5 million subscribers from 4.8 million subs in the same period of 2015. Total cumulative *Globe Prepaid* subscribers reached 28.4 million as of the end December 2016, up 10% year-on-year. Increase in churn rate was due mainly to a combination of system-delayed tagging and the seasonal clean-up of marginal subscribers.
- *TM's* gross acquisitions likewise improved year-on-year by 15%, reaching 28.5 million in 2016 from the previous year's 24.8 million. The strong gross acquisition were boosted by continuous aggressive acquisition efforts coupled by the positive response of the market to the all-new *TM Easy Plan* which promises the simplest, easiest application process and payment scheme launched during the 2nd half of the year. Due to the increased churn rates as of end-December 2016 (from 6.5% in 2015 to 6.8% this period), net incremental subscribers declined by 19% from 5.2 million in 2015 to only 4.2 million this period. Similar to *Globe Prepaid*, increased churn this period was mainly due to a combination of system-delayed tagging and the seasonal clean-up of marginal subscribers. *TM* cumulative subscriber base stood at 31.9 million subscribers at the end of December 2016, up 15% from the 27.7 million subscribers a year ago.
- Blended ARPU for the year just ended declined by 13% year-on-year to only ₱129 from ₱148 in same period of 2015, due to the combined effects of higher multi-SIM incidence, continued pressures on yields caused by the shift to value-based bucket, unlimited voice/SMS offers and the shift to promo data offers as well as the impact of the increased data allowances for popular prepaid data offers during the second half of the year. *TM and Globe Prepaid* ARPUs were down year-on-year by 14% driven by the decline in yields. *Globe Postpaid* ARPU on the otherhand was slightly up at ₱1,128 for 2016, versus ₱1,122 last year.
- *Globe Postpaid* subscriber acquisition cost (SAC) was lower year-on-year to ₱7,452 from ₱7,817 from a year ago mainly on lower postpaid acquisition for the year. *Globe Postpaid* SAC remains recoverable well within the 24-month contract of the postpaid plans. *Globe Prepaid* SAC however was up year-on-year by 14% to reach ₱16 in 2016 from ₱14 in 2015. *TM* SAC, likewise was up 8% year-on-year at ₱13. *Globe Prepaid* and *TM* SAC remained recoverable within a month's ARPU.

## Fixed Line and Home Broadband Business

| <i>In Million Pesos</i>                                 | Globe Group   |               |            | Bayan <sup>1</sup> |
|---|---------------|---------------|------------|--------------------|
|   | Year on Year  |               |            | (Standalone)       |
|   | 31 Dec        | 31 Dec        | YoY        | 31 Dec             |
|   | 2016          | 2015          | Change (%) | 2016               |
| <b>Service Revenues</b>                                 |               |               |            |                    |
| Home Broadband  | 14,460        | 11,320        | 28%        | 2,181              |
| Corporate Data  | 9,873         | 7,698         | 28%        | 2,543              |
| Fixed line Voice  | 3,780         | 3,418         | 11%        | 941                |
| <b>Fixed Line &amp; Home Broadband Service Revenues</b> | <b>28,113</b> | <b>22,436</b> | <b>25%</b> | <b>5,665</b>       |

| <i>In Million Pesos</i>                                 | Globe Group        |              |            | Bayan <sup>1</sup> |
|---|--------------------|--------------|------------|--------------------|
|   | Quarter on Quarter |              |            | (Standalone)       |
|   | Q4                 | Q3           | QoQ        | Q4                 |
|   | 2016               | 2016         | Change (%) | 2016               |
| <b>Service Revenues</b>                                 |                    |              |            |                    |
| Home Broadband  | 3,769              | 3,661        | 3%         | 446                |
| Corporate Data  | 2,567              | 2,443        | 5%         | 606                |
| Fixed line Voice  | 949                | 898          | 6%         | 229                |
| <b>Fixed Line &amp; Home Broadband Service Revenues</b> | <b>7,285</b>       | <b>7,002</b> | <b>4%</b>  | <b>1,281</b>       |

Globe Group's fixed line and home broadband revenues posted a 25% increase year-on-year from ₱22.4 billion in 2015 to ₱28.1 billion in 2016. The growth was driven by robust contributions across all business segments.

*Globe Home Broadband* posted a 28% growth to reach ₱14.5 billion in the year just ended from ₱11.3 billion reported a year ago, as a result of sustained expansion of its customer base mainly from the growth from the fixed wireless services (up 23% year-on-year). The remarkable revenue growth and customer uptake throughout the year was partially driven by the relevant and compelling new *Globe Home Broadband* bundles and packages which provide for a full entertainment experience at home. *Home Broadband's* sustained revenue growth was mainly due to the higher subscriber base, rising to 1.13 million subscribers or 6% increase year-on-year. This was likewise aided by the revenue contribution of Bayan. On a sequential basis, fixed line and home broadband revenues likewise improved by 4% quarter-on-quarter to ₱7.3 billion from ₱7.0 billion in 3Q16.

|  | Globe Group      |                  |            | Bayan <sup>1</sup> |
|--|------------------|------------------|------------|--------------------|
|  | Year on Year     |                  |            |                    |
|  | 31 Dec           | 31 Dec           | YoY        | 31 Dec             |
|  | 2016             | 2015             | Change (%) | 2016               |
| <b>Cumulative Home Broadband Subscribers</b> |                  |                  |            |                    |
| Fixed Wireless                               | 520,117          | 421,424          | 23%        | 0                  |
| Wired  | 610,633          | 647,496          | -6%        | 106,308            |
| <b>Total (end of period)</b>                 | <b>1,130,750</b> | <b>1,068,920</b> | <b>6%</b>  | <b>106,308</b>     |

|  | Globe Group        |                  |            | Bayan <sup>1</sup> |
|--|--------------------|------------------|------------|--------------------|
|  | Quarter on Quarter |                  |            |                    |
|  | Q4                 | Q3               | QoQ        | Q4                 |
|  | 2016               | 2016             | Change (%) | 2016               |
| <b>Cumulative Home Broadband Subscribers</b> |                    |                  |            |                    |
| Fixed Wireless                               | 520,117            | 521,853          | -          |                    |
| Wired  | 610,633            | 626,098          | -2%        | 106,308            |
| <b>Total (end of period)</b>                 | <b>1,130,750</b>   | <b>1,147,951</b> | <b>-1%</b> | <b>106,308</b>     |

The *corporate data* segment sustained its growth momentum, ending the year with ₱9.9 billion revenues, up 28% against the same period of 2015, 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. On a quarterly basis, corporate data revenues likewise grew by 5%.

Globe's total *fixed line voice* revenues likewise improved year-on-year by 11% due mainly to expansion in subscriber base, given the popularity of the new bundled broadband plans. Compared to the previous quarter, fixed line voice revenues grew by 6%.

## ANNEXES

### International Long Distance (ILD) Services

|   | Globe Group        |              |            |              |               |             |
|---|--------------------|--------------|------------|--------------|---------------|-------------|
|   | Quarter on Quarter |              |            | Year on Year |               |             |
|   | 4Q                 | 3Q           | QoQ        | 31 Dec       | 31 Dec        | YoY         |
|   | 2016               | 2016         | Change (%) | 2016         | 2015          | Change (%)  |
| <b>Total ILD Revenues (Php Mn)</b>      | <b>2,220</b>       | <b>2,203</b> | <b>1%</b>  | <b>9,064</b> | <b>10,037</b> | <b>-10%</b> |
| Average Collection rates for the Period | 48.31              | 46.73        | 3%         | 47.28        | 45.29         | 4%          |

### Group Operating Expenses

| <i>In Million Pesos</i>                             | Globe Group   |               |             | Bayan<br>(Standalone) |
|---|---------------|---------------|-------------|-----------------------|
|   | Year on Year  |               |             |                       |
|   | 31 Dec        | 31 Dec        | YoY         | 31 Dec                |
|   | 2016          | 2015          | Change (%)  | 2016                  |
| Cost of Sales                                       | 11,914        | 13,665        | -13%        | 13                    |
| Less: Non-service Revenues                          | 6,194         | 6,290         | -2%         | -                     |
| <b>Subsidy</b>                                      | <b>5,720</b>  | <b>7,375</b>  | <b>-22%</b> | <b>13</b>             |
| Interconnect  | 9,623         | 9,008         | 7%          | 92                    |
| Selling, Advertising and Promotions                 | 5,738         | 6,283         | -9%         | 37                    |
| Re-contracting                                      | 3,569         | 3,311         | 8%          | -                     |
| Staff Costs   | 10,110        | 9,761         | 4%          | 130                   |
| Utilities, Supplies & Other Administrative Expenses | 5,001         | 4,785         | 5%          | 260                   |
| Rent  | 5,902         | 4,932         | 20%         | 1,103                 |
| Repairs and Maintenance                             | 5,728         | 4,796         | 19%         | 771                   |
| Provisions  | 3,356         | 3,037         | 11%         | 149                   |
| Services and Others                                 | 15,265        | 14,430        | 6%          | 501                   |
| <b>Operating Expenses</b>                           | <b>64,292</b> | <b>60,343</b> | <b>7%</b>   | <b>3,043</b>          |
| <b>Depreciation and Amortization</b>                | <b>23,849</b> | <b>21,133</b> | <b>13%</b>  | <b>1,374</b>          |
| <b>Costs and Expenses</b>                           | <b>93,861</b> | <b>88,851</b> | <b>6%</b>   | <b>4,430</b>          |

|   | Globe Group        |               |            | Bayan        |
|---|--------------------|---------------|------------|--------------|
|   | Quarter on Quarter |               |            | (Standalone) |
|   | Q4                 | Q3            | QoQ        | Q4           |
| <i>In Million Pesos</i>                             | 2016               | 2016          | Change (%) | 2016         |
| Cost of Sales                                       | 2,752              | 2,594         | 6%         | 3            |
| Less: Non-service Revenues                          | 1,528              | 1,327         | 15%        | -            |
| <b>Subsidy</b>                                      | <b>1,224</b>       | <b>1,267</b>  | <b>-3%</b> | <b>3</b>     |
| Interconnect  | 2,505              | 2,361         | 6%         | 23           |
| Selling, Advertising and Promotions                 | 1,918              | 1,342         | 43%        | 9            |
| Re-contracting                                      | 990                | 793           | 25%        | -            |
| Staff Costs   | 2,131              | 2,860         | -25%       | 14           |
| Utilities, Supplies & Other Administrative Expenses | 1,370              | 1,331         | 3%         | 66           |
| Rent  | 1,639              | 1,435         | 14%        | 191          |
| Repairs and Maintenance                             | 1,766              | 1,284         | 38%        | 197          |
| Provisions  | 795                | 911           | -13%       | 42           |
| Services and Others                                 | 4,097              | 4,022         | 2%         | -37          |
| <b>Operating Expenses</b>                           | <b>17,211</b>      | <b>16,339</b> | <b>5%</b>  | <b>505</b>   |
| <b>Depreciation and Amortization</b>                | <b>6,448</b>       | <b>5,943</b>  | <b>9%</b>  | <b>327</b>   |
| <b>Costs and Expenses</b>                           | <b>24,883</b>      | <b>23,549</b> | <b>6%</b>  | <b>835</b>   |

### Other Income Statement Items

|  | Globe Group    |                |             | Bayan        |
|--|----------------|----------------|-------------|--------------|
|  | Year on Year   |                |             | (Standalone) |
|  | 31 Dec         | 31 Dec         | YoY         | 31 Dec       |
| <i>In Million Pesos</i>                    | 2016           | 2015           | Change (%)  | 2016         |
| <b>Financing Costs</b>                     |                |                |             |              |
| Interest Expense                           | (3,409)        | (2,774)        | 23%         | (293)        |
| Loss on Derivative Instruments(net)        | -              | (11)           | 0%          | -            |
| Swap Costs and Other Financing Costs       | (163)          | (142)          | 15%         | (12)         |
| Foreign Exchange loss(net)                 | (525)          | (457)          | 0%          | (231)        |
|  | <b>(4,097)</b> | <b>(3,384)</b> | <b>21%</b>  | <b>(536)</b> |
| <b>Other Income</b>                        |                |                |             |              |
| Gain on Derivative Instruments(net)        | 587            | -              | -           | -            |
| Foreign Exchange gain(net)                 | -              | -              | -           | -            |
| Interest Income                            | 152            | 519            | -71%        | 12           |
| Others – net                               | (834)          | 1,504          | -155%       | 2            |
| <b>Total Other Income (Other Expenses)</b> | <b>(4,192)</b> | <b>(1,361)</b> | <b>208%</b> | <b>(522)</b> |



|  | <b>Globe Group</b>        |                |                   | <b>Bayan</b>        |
|--|---------------------------|----------------|-------------------|---------------------|
|  | <b>Quarter on Quarter</b> |                |                   | <b>(Standalone)</b> |
|  | <b>Q4</b>                 | <b>Q3</b>      | <b>QoQ</b>        | <b>Q4</b>           |
| <i>In Million Pesos</i>                    | <b>2016</b>               | <b>2016</b>    | <b>Change (%)</b> | <b>2016</b>         |
| <b>Financing Costs</b>                     |                           |                |                   |                     |
| Interest Expense                           | (1,038)                   | (878)          | 18%               | (76)                |
| Loss on Derivative Instruments(net)        | 380                       | -              | -                 | (5)                 |
| Swap Costs and Other Financing Costs       | (33)                      | (38)           | -13%              | (12)                |
| Foreign Exchange loss (net)                | (272)                     | 0              | #DIV/0!           | (139)               |
|  | <b>(963)</b>              | <b>(916)</b>   | <b>5%</b>         | <b>(232)</b>        |
| <b>Other Income</b>                        |                           |                |                   |                     |
| Gain on Derivative Instruments(net)        | -                         | -              | -                 | -                   |
| Foreign Exchange gain (net)                | -                         | 32             | 0%                | -                   |
| Interest Income                            | 31                        | 33             | -6%               | 2                   |
| Others – net                               | (239)                     | (594)          | -60%              | (10)                |
| <b>Total Other Income (Other Expenses)</b> | <b>(1,171)</b>            | <b>(1,668)</b> | <b>-30%</b>       | <b>(240)</b>        |

### Liquidity and Capital Resources

|   | <b>Globe Group</b> |               |                   |
|---|--------------------|---------------|-------------------|
|   | <b>31 Dec</b>      | <b>31 Dec</b> | <b>YoY Change</b> |
|   | <b>2016</b>        | <b>2015</b>   | <b>(%)</b>        |
| <b>Balance Sheet Data (Php Mn)</b>          |                    |               |                   |
| Total Assets                                | 249,863            | 195,680       | 28%               |
| Total Debt                                  | 105,729            | 72,229        | 46%               |
| Total Stockholders' Equity                  | 63,476             | 59,398        | 7%                |
| <b>Financial Ratios (x)</b>                 |                    |               |                   |
| Total Debt to EBITDA                        | 2.15               | 1.51          |                   |
| Debt Service Coverage                       | 4.18               | 5.18          |                   |
| Interest Cover (Gross)                      | 12.50              | 12.24         |                   |
| Debt to Equity (Gross)                      | 1.67               | 1.22          |                   |
| Debt to Equity (Net)                        | 1.53               | 1.02          |                   |
| Total Debt to Total Capitalization (Book)   | 0.62               | 0.55          |                   |
| Total Debt to Total Capitalization (Market) | 0.33               | 0.22          |                   |

| (Php Mn)  | Globe Group   |               |            |
|---|---------------|---------------|------------|
|   | 31 Dec        | 31 Dec        | YoY Change |
|   | 2016          | 2015          | (%)        |
| Capital Expenditures (Cash)   | 36,745        | 32,130        | 14%        |
| Increase (Decrease) in Liabilities related to Acquisition of PPE & Capitalized Asset Retirement Obligations | 2,105         | -1,728        | -222%      |
| <b>Total Capital Expenditures</b>   | <b>38,850</b> | <b>30,402</b> | <b>28%</b> |
| <b>Total Capital Expenditures / Service Revenues (%)</b>  | <b>32%</b>    | <b>27%</b>    |            |

### Products & Services:

Globe continues to solidify its leadership in the digital space as the data provider of choice for Filipinos' digital lifestyles with the various suite of products and services launched as well as new partnerships forged during the quarter.

### Mobile Business

*Globe Postpaid* expanded its smartphone line-up with the successful launch of the new *iPhone 7* and *iPhone 7 Plus* last November 2016. Globe launched the latest smartphones differently with the *Globe of Good bundle*. Through the *Globe of Good bundle*, customers were able to get the new iPhone and at the same time have the opportunity to give back to various communities. Customers can avail of the new *iPhone 7* and *iPhone 7 Plus* through the *Globe myLifestyle* plans which already come with unlimited texts and calls to Globe/TM, mobile data, and free access to content such as Netflix, Disney Channel Apps, HOOQ, and NBA, among others.

Meanwhile, TM introduced during the fourth quarter of 2016, their latest promo called *FB30* which provides its customers with unlimited texts to all networks plus 300MB for facebook for only 30 pesos valid for 3 days. Also available is *FB50* which extends the validity period up to 5 days with unlimited texts to all networks and 500MB allocation for facebook for only 50 pesos. In addition, for customers who like playing *Clash of Clans*, they may now subscribe to *CoC30* to enjoy unlimited texts to all networks with free 300MB for CoC for only ₱30 valid for 3 days or may opt to subscribe to *CoC50* for unlimited texts to all networks with 500MB of CoC for 5 days.

Also during the period, the NBA and Globe, the League's official wireless and broadband services partner, provided an updated NBA app user experience for sports fans to watch the NBA live on their mobile devices. Globe customers subscribing to any NBA promo will experience a simpler registration process without the need to input PIN codes to access NBA content on their mobile devices. Once the promo registration is completed, users will receive a link via SMS directing to the NBA app to verify their mobile number. Once authenticated, fans can immediately enjoy watching NBA games and programming on their mobile devices. Moreover, NBA League Pass, the league's live games subscription service, will introduce a completely new way to watch basketball on mobile devices and tablets throughout the 2017 NBA season with the introduction of NBA Mobile View. The new NBA Mobile View meets the needs of today's sports fans and their desire to consume content on the best screen available by providing a zoomed-in, tighter shot of the action that is optimized for the small

screen size of mobile devices.

Moreover, Twitter and Globe likewise announced an advertising collaboration for the NBA's two live exclusive programs streamed on Twitter and for custom NBA highlights on Twitter in the Philippines. The collaboration strengthens Twitter's live stream strategy in the region with Globe as Twitter's first official live stream advertising partner in Asia and reinforces the telco's commitment to provide the best customer proposition of giving access to world class basketball entertainment. As an advertising partner, Globe will collaborate with Twitter on the live stream of two new weekly NBA shows with first-of-its-kind elements created specifically for integration with Twitter conversation. The Starters Twitter Show, produced by Turner Sports, is streamed once a week for an hour. Similarly, the weekly 30-minute show, The Warmup, also produced by Turner Sports, is featured exclusively to Twitter's logged-in and logged-out audience. NBA fans can visit [thestarters.twitter.com](http://thestarters.twitter.com) and [thewarmup.twitter.com](http://thewarmup.twitter.com) to watch the programs on Twitter.

In addition, during the last quarter of the year, Globe welcomed its latest partner, Tribe. Tribe currently offers live and on-demand content with a wide selection of Korean entertainment shows from KBS world and tvN, anime shows from Aniplus, Live e-Sports events via eGG channel and action and Asian Thriller programs from KIX and Thrill channels. Tribe was made available for a 30-day free trial and for just ₱30/per week or ₱69/month afterwards.

### **Home Broadband**

With speeds of up to 10 Mbps for the affordable price of only ₱1,299 per month, Globe Broadband's latest plans not only incorporate fully-upgraded speeds and data allocation to your home connection, it also comes bundled with the most cutting-edge devices for a full on-demand entertainment experience. With Globe Broadband's exciting new bundles, customers can opt to personalize their broadband plans by choosing devices and applications to match their personal tastes and preferences. Globe Broadband subscribers can now choose to enjoy premium content with the latest devices such as a 40" TCL Android TV, 50" Samsung Smart TV, Google Chromecast, or Apple TV; For resident music heads, Globe - powered partnerships with Spotify and Sing! By Smule can now enjoy blaring their favorite tunes and hits on high-fidelity Bose Bluetooth speakers or Beats headphones; and for the most consummate gamers, Globe Broadband's alliance with global gaming powerhouses such as Sony's PSN, and the largest domain of internet-powered games, Steam, make the most revolutionary gaming programs now within reach. These latest devices can be availed by paying 50% of the device outright with the balance charged to bill or through an amortized payment for 24 months using the customer's credit card.

In addition, Globe and Bayan broadband offered a 50% discount on selected broadband plans for as low as ₱499 per month, all with free Wi-Fi modem. Globe home broadband plan with speeds of up to 15Mbps and 150 GB data allocation + HOOQ, Netflix and NBA was offered for only ₱799 from its original price of ₱1599. Plans 599 and up come with free landline with unlimited calls to Globe and TM while, for Plans 649 and up include free 6 months HOOQ, NBA, and Netflix. Meanwhile Bayan Broadband with speeds of up to 5Mbps was offered for only ₱599/month (from original price of ₱1199) with free Wi-Fi modem plus landline with unli call and text to Globe and TM. Other discounted Bayan broadband plans were plan 499 and plan 549. Promo period until December 31, 2016 only.

### **GoWiFi rollout**

Globe continued its aggressive nationwide GoWiFi rollout in Q4 2016 in order to provide fast internet connection to more customers. As of end 2016, the GoWiFi network expanded to over 6300 access

points. GoWiFi is now available in all major airports, MRT, ports, major malls, convenience store chains, food and beverage establishments, schools, universities, and government offices.

### **International**

Travellers have an option for a more affordable roaming service as Globe introduces the new *Easy Roam 149* which provides unlimited data roaming good for 5 days. It is the only roaming offer that is easy on the pocket as it is paid in installment over a period of 12 months, for just ₱149/month on a Globe *myLifestyle* postpaid plan. For the same 12 month period, customers get 5 days worth of data roaming that can either be consumed on a single trip or on multiple overseas trips. Unused roaming days out of the 5 can simply be used for the next trip as long as it is within the same 12 month period. Should one exceed 5 days of data roaming, the regular rate of ₱599 for unlimited 24-hour data roaming will apply.

### **Partnerships**

Globe and the Cauayan City government have hammered out a strategic partnership to deliver 1st world internet services as well as create a digital cashless ecosystem, which will be undertaken through GCash. The partnership involves the deployment of an integrated network plan to improve mobile coverage and provide high-speed internet service in the city. The rollout forms part of Globe Telecom's One Digital City initiative, intended to expand network coverage and enhance capacities, particularly for fixed-line, in a bid to elevate the state of the country's internet. As part of using technology for governance, GCash, the mobile money platform of Globe, and Cauayan City have embarked on a pioneer initiative to implement the co-branded Citizen ID cards. The Citizen ID may be used to electronically pay government fees and taxes, utilities and other bills, and purchases from local merchants; for disbursement of salaries, stipends, allowances, and other benefits to citizens, government employees, and volunteers; and in the provision of loans for sustainable livelihood development programs for micro, small, and medium enterprises.

Moreover, Globe's International Business Group recently partnered with RiteMed Philippines, Inc. (RiteMED) to offer a service that allows overseas Filipinos to purchase RiteMED medicines while abroad and be able to deliver to their dependents in the Philippines. With this partnership, customers can easily call or approach a distributor's agent. They will then select medicines from a catalog, fill out a physical order form, and then pay in cash. Afterwards, Globe Distributors send the order details through an interim Order Management System (OMS). Once partner retailers receive the orders, they will call the recipients in the Philippines for validation, deliver the medicines, and then update the OMS. Upon delivery, customers will be advised by the distributor's agent.

### **Subsidiaries & Affiliates**

In a bid to further push financial inclusion in the country, Globe, Cebuana Lhuillier, and Mynt inked a memorandum of agreement that will pave the way for several initiatives combining the products and services of the three companies. Most of the initiatives involve GCash, a micro-payment service operated by G-Xchange. One of the projects allows GCash customers to perform cash-in and cash-out transactions in any of Cebuana Lhuillier's 1,800 branches nationwide. Also being developed are systems that would enable GCash accounts to submit payments for Fuse loans and accept proceeds of international remittance. Other projects in the works include the vice versa conversion of rewards points under the loyalty programs of Globe and Cebuana Lhuillier, cross-selling of Cebuana Lhuillier's microinsurance product, development of donation channels for Cebuana Lhuillier's chosen beneficiaries, real-time posting of Globe Bills, reselling of Globe AMAX - a mass market postpaid product, and other

innovations that that would make financial services more conveniently available. In addition to the commercially available products and services, the partnership will also yield business-to-business solutions and other initiatives catering to internal stakeholders.

Also during the period, Globe, through its Digital Ventures division and subsidiary company *AdSpark*, announced its partnership with Incoming Media for its mediaphoneX solution to power video notifications within selected mobile applications. Incoming Media is the leading mobile video engagement and advertising platform for brands and operators. The mediaphoneX solution uses predictive data analytics and intelligent content pre-loading to enable the creation of personalized, flawless mobile video experiences. Through the use of on-device, energy-efficient machine learning, and context-based predictive data analytics, the Incoming platform learns and understands how each viewer consumes video on their device.

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## **About Globe**

Globe Telecom is a leading full service telecommunications company in the Philippines, serving the needs of consumers and businesses across an entire suite of products and services including mobile, fixed, broadband, data connections, internet, and managed services. Its principals are Ayala Corporation and Singtel who are acknowledged industry leaders in their respective countries and in the region.

It is listed on the Philippine Stock Exchange under the ticker symbol GLO and had a market capitalization of US\$4.0 billion as of the end of December 2016.

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