



3Q 2021 RESULTS INVESTORS BRIEFING

#ExperienceBetter

Meeting Reminders



- Please mute your microphones during the presentation.
- Questions will be entertained during the Q&A portion after the presentation. You may send your questions through the Zoom Chat feature. Please introduce yourself along with your affiliated company/research house.



Today's Speakers



Mr. Dennis Anthony H. Uy
CEO and Co-Founder



Ms. Grace Y. Uy
President and Co-Founder



Mr. Matthias Vukovich
Chief Financial Office Advisor



Mr. Jesus C. Romero
Chief Operations Officer



Mr. Benjamin B. Azada
Chief Strategy Officer



Mr. Dennis Anthony H. Uy

CEO and Co-Founder





Ms. Grace Y. Uy

President and Co-Founder



Key Milestones Since Our IPO



OCTOBER 26, 2020

STOCK PRICE
P16.80

MARKET CAP
P126.4_{Bn}

Reached 1 million residential subscribers and celebrated by offering subscribers free speed increases

NOVEMBER 2020

APRIL 2021

Fiber backbone reached Visayas and Mindanao

MAY 2021

Secured participation in the Bifrost Cable System

AUGUST 2021

Qualified for early inclusion into the Philippine Stock Exchange Index

SEPTEMBER 2021

Included in the Small-cap Index of the FTSE Global Equity Index Series

NOVEMBER 2021

Completed the nationwide backbone subsea cable project

Network has passed through 440 cities and municipalities nationwide

3Q2021 recorded the highest quarterly net subscriber adds in history, c.222,000



OCTOBER 26, 2021

STOCK PRICE
P31.95

MARKET CAP
P240.5_{Bn}

3Q2021 Results Key Takeaways



Industry-leading trifecta with 76.4% YoY revenue growth from 9M2020 to 9M2021, 55.1% EBITDA margin and 21.7% ROIC



Consistently strong EBITDA growth in 9M2021 with 86.0% YoY growth and margin expansion from 52.5% to 55.1% YoY



Record high FTTH port-rollout of more than 654k ports in 3Q2021 resulting in 37.6% household coverage across the Philippines



Record quarterly gross adds of almost 280k and net adds of more than 221k



Maintained residential blended ARPU at ₱1,346 during 3Q2021 vs. ₱1,352 in 3Q2020



Residential business delivered 94.6% YoY revenue growth in 9M2021 vs. 9M2020, driven by increasing subscriber growth



Enterprise business grew by 8.5% YoY in 9M2021, with QoQ revenue growth recovering to 8.3% vs. 2Q2021



Mr. Matthias Vukovich

Chief Financial Office Advisor

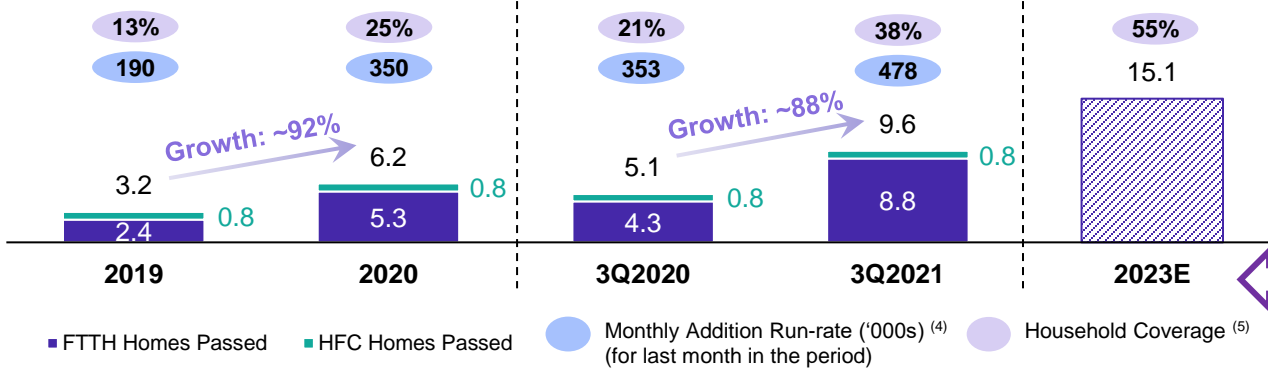


Added a record 654,188 ports in 3Q2021



Extensive and Fast-growing Network

Homes Passed (MM) ⁽¹⁾⁽²⁾⁽³⁾

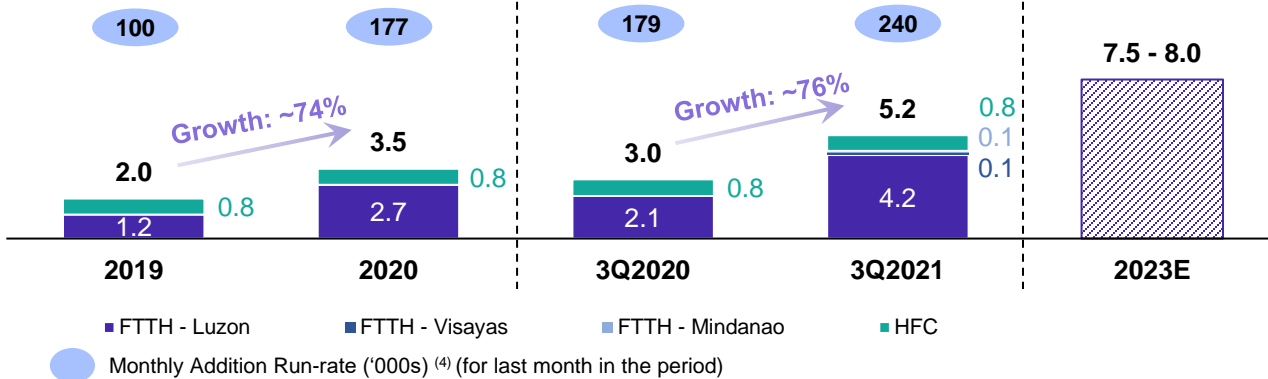


✓ More than **9.6MM** homes passed as of September 2021, ~88% higher than that of September 2020

✓ ~**38%** nationwide household coverage as of September 2021 (~57% in Luzon)

✓ Moving forward **55% nationwide household coverage target** (~15MM homes passed) from 2025 to 2023

Number of Ports (MM) ⁽¹⁾⁽²⁾



✓ **5.2MM** ports as of September 2021. Target **7.5-8MM** ports by 2025

✓ ~**240k** port additions in September 2021

✓ ~**2.2 million** FTTH ports deployed over last 12 months

Notes:

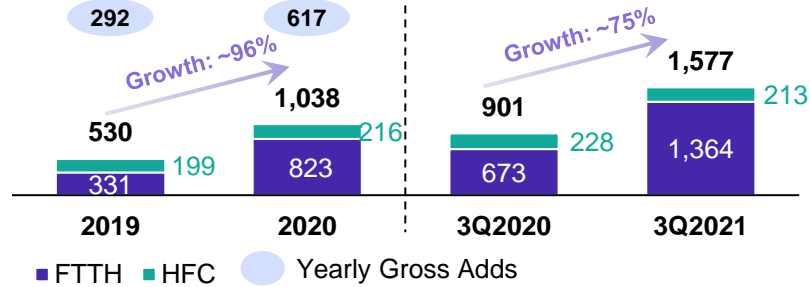
1. FTTH homes passed is derived from the number of homes within a 300 meter radius from a network access point ("NAP") that we have installed in a coverage area. Each NAP has eight or 16 ports, and one port serves one home
2. HFC homes passed refers to the number of homes and other residential units that are within a 200 meter radius from our HFC ports, and can be connected to our network
3. For FTTH, ratio of 1 port = 2 home passed; for HFC, ratio of 1 port = 1 homes passed
4. Run-rate based on additions in last month of each period (i.e. September for 3Q)
5. Household coverage is calculated as total homes passed over total number of homes, which is 25.57 million

Record quarterly gross adds of ~280k and net adds of ~221k



2.9x
Subscribers
Since 2019

Number of Subscribers ('000)



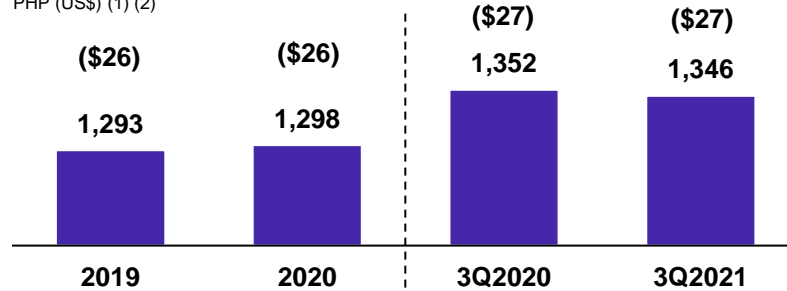
✓ Record quarterly net subscriber adds of ~221k in 3Q2021, resulting to ~1.57MM subscribers as of September 2021

✓ Record quarterly gross subscriber adds of ~279k in 3Q2021 (94% of are first-time fixed broadband users), representing ~34% growth vs. 3Q2020

Steady
ARPU

Blended ARPU

PHP (US\$) (1) (2)

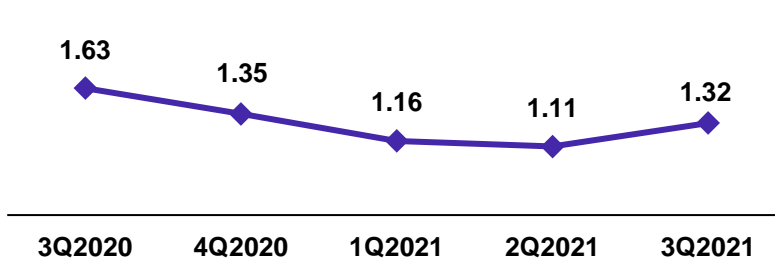


✓ Residential blended ARPU for 3Q2021 **kept stable** with minimal decrease vs. 3Q20 figure

✓ **Expect stable ARPUs going forward**, with fiber broadband viewed as a necessity in post-COVID new normal

Monthly
Churn Rate

Churn Rate (%)



✓ Monthly churn slightly increased to **1.32%** in 3Q2021, with slight increase in non-payments after renewed MECQ lockdowns during the quarter

✓ Average YTD monthly churn rate of **1.18%**

Notes:

1. Based on an FX rate of 1 US\$ to 50.18 PHP

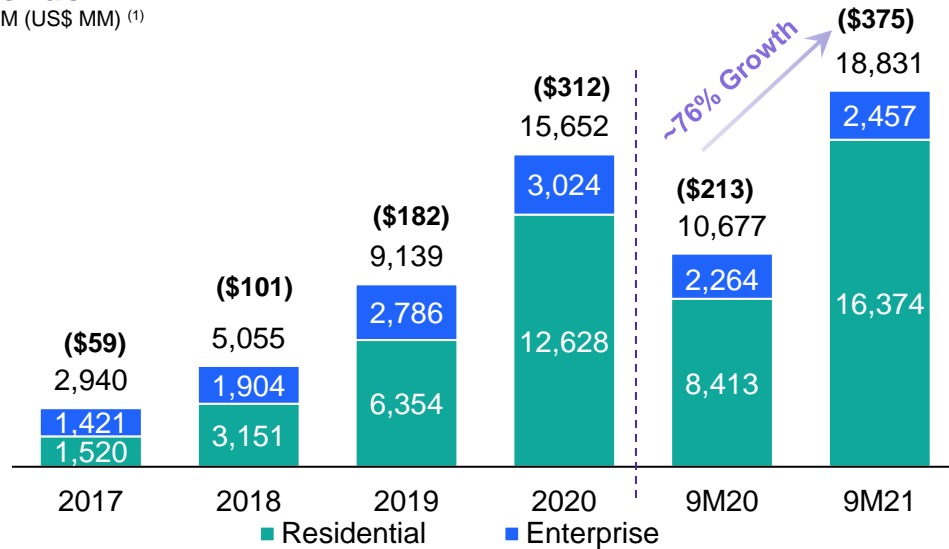
2. Monthly ARPU for our Residential Business is calculated by dividing (i) the revenue generated during a period by (ii) the average number of subscribers during that period, then dividing the quotient by the number of months during that period

Strong 9M financial trifecta of ~76% revenue growth, EBITDA margin expansion from ~52% to ~55%, and ROIC of 21.7%



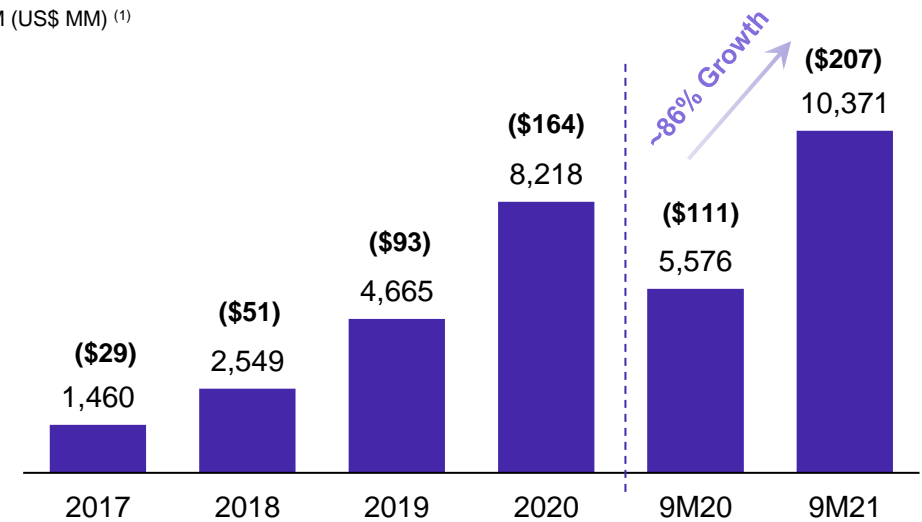
Revenue

PHP MM (US\$ MM) ⁽¹⁾

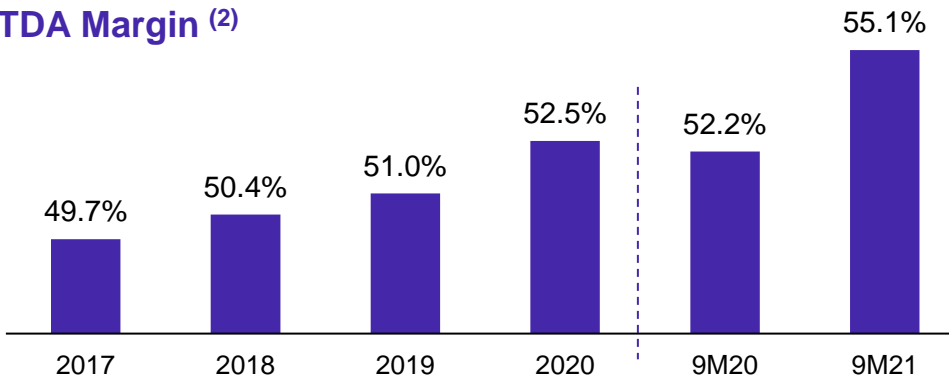


EBITDA ⁽²⁾

PHP MM (US\$ MM) ⁽¹⁾

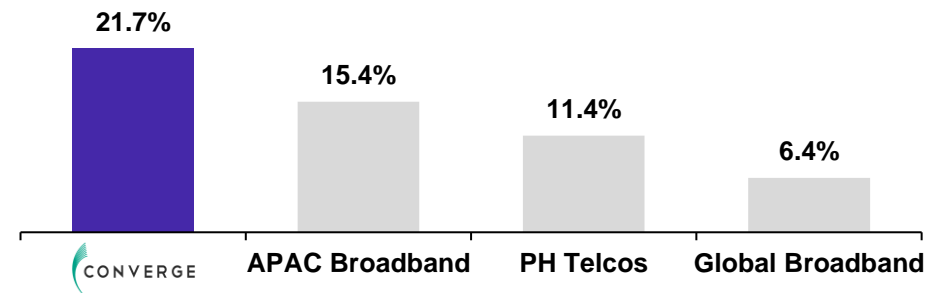


EBITDA Margin ⁽²⁾



ROIC ⁽³⁾

Annualized



Notes:

1. Based on an FX rate of 1 US\$ to 50.18 PHP
2. 2020 EBITDA shown as reported EBITDA. 2016-2019 EBITDA shown as Pro Forma Adjusted EBITDA, where historical EBITDA is adjusted for Pro Forma Events and provision for contingencies, loss on direct write off of network materials and supplies and loss on fire
3. Return on Invested Capital is tax-adjusted (25% assumed effective tax rate) pro forma profit from operations divided by average invested capital. Invested Capital is the sum of our total equity and total debt (comprising loans payable (non-current and current portions)), less cash and cash equivalents and capital expenditures in progress
4. APAC broadband players includes Link Net, HKBN, and Time dotCom; Phils Telco includes PLDT, and Globe; Global broadband players include Telenet, Altice, Charter Communications and Liberty Global; Link Net and Time dotcom; ROIC refers to LTM as of latest quarter available

P&L Highlights

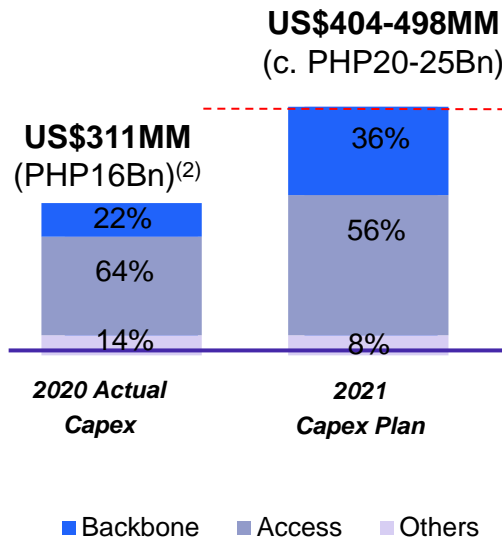


	For the nine months ended September 30			For the three months ended September 30		
	<u>2021</u>	<u>2020</u>	<u>YoY</u> <u>Change %</u>	<u>2021</u>	<u>2020</u>	<u>YoY</u> <u>Change %</u>
	(in PHP millions)					
Revenue	18,831	10,677	76%	7,050	4,187	68%
Cost of Services	(7,461)	(4,944)	51%	(2,636)	(1,926)	37%
Gross profit	11,370	5,733	98%	4,413	2,262	95%
General and administrative expenses	(3,272)	(1,771)	85%	(1,148)	(695)	65%
Provision for impairment of trade and other receivables	(778)	(491)	58%	(254)	(166)	52%
Other income and expenses, net	(132)	125	N/M	(310)	52	N/M
Profit from operations	7,188	3,597	100%	2,702	1,452	86%
Finance costs	(448)	(454)	-1%	(184)	(107)	72%
Income taxes	(1,542)	(952)	62%	(572)	(414)	38%
Profit after income tax for the year/ period	5,198	2,190	137%	1,946	931	109%
<i>Profit after income tax margin</i>	<i>27.6%</i>	<i>20.5%</i>		<i>27.6%</i>	<i>22.2%</i>	
EBITDA	10,371	5,576	86%	3,877	2,262	71%
<i>EBITDA margin</i>	<i>55.1%</i>	<i>52.2%</i>		<i>55.0%</i>	<i>54.0%</i>	

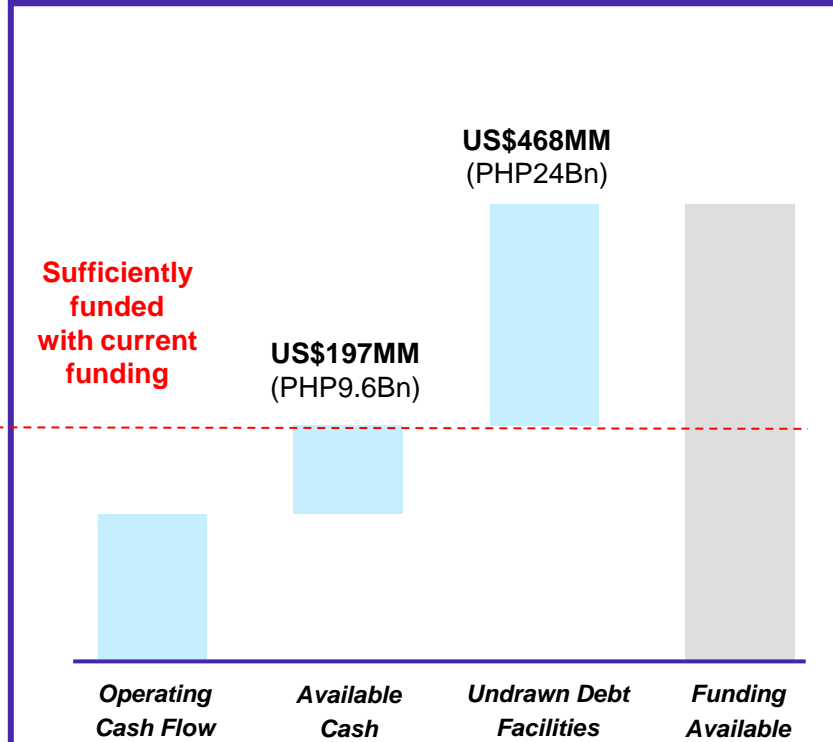
Well Funded CAPEX Plan

9M2021 CAPEX: PHP18.2Bn

(vs. 9M2020 – PHP 8.7Bn)



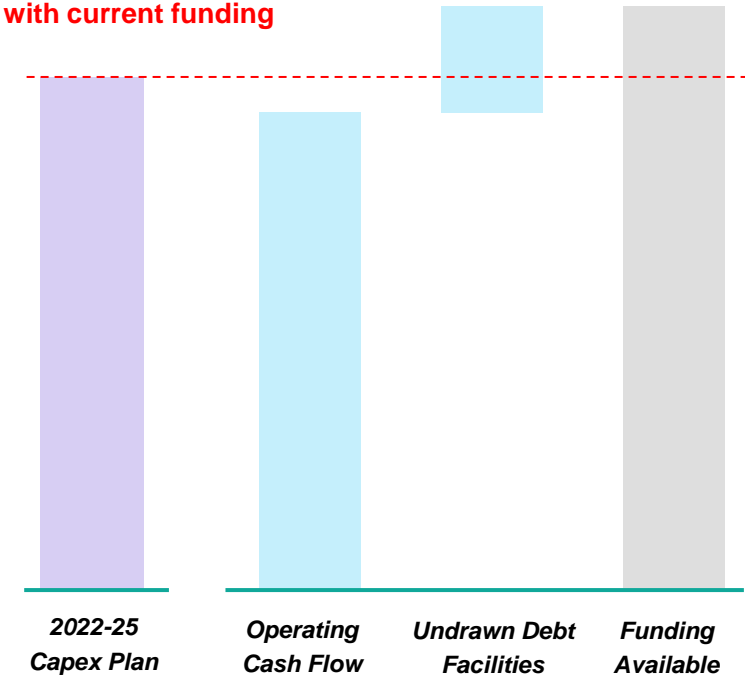
Fully Funded Capex Plan in 2021



- c. PHP50Bn Available Funding from Operating Cash Flows, Available Cash and Undrawn Facilities
- PHP8.5Bn Net Debt as of September 2021 with Leverage well above financial covenants
- Average Cost of Debt decreased from 5.2% in 3Q2020 to 4.4% in 3Q2021

Well-Funded between 2022-25

Sufficiently funded with current funding



- We expect to fund most of capex from 2022 to 2025 from operating cash flows

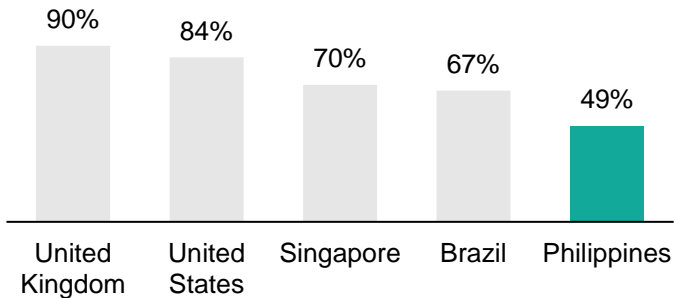
Notes:
 1. Based on an average FX rate of 1 US\$ to 50.18 PHP for 9M21
 2. Includes paid and accrued capital expenditures relating to property, plant, and equipment, right-of-use assets, and intangibles

Exploring “New Telco” Initiatives over Next 2 – 3 Years

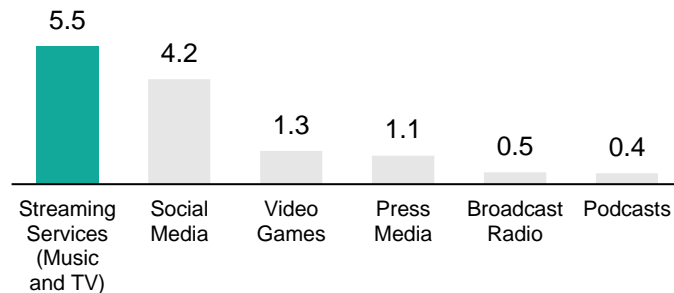


Content Partnership

OTT Video Penetration ⁽¹⁾



Average Hours Spent Daily by Filipinos on Online Media ⁽²⁾



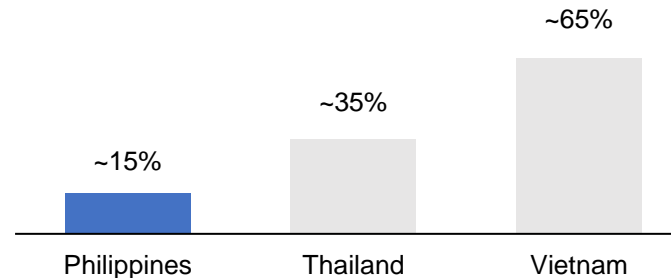
Philippine Situation

Converge Position

Converge is well positioned as the ideal partner for OTT players given its large, fast-growing subscriber base

Satellite Partnership

Philippines Fiber Penetration



Philippines Geography Landscape

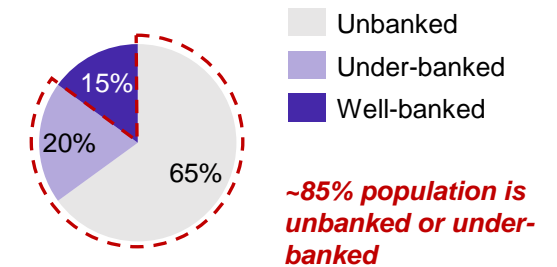


- One of the world’s largest archipelagos
- 110M population
- Over 7K islands
- 300K sq. km² area

As a leading fiber player in Philippines, Converge is well-positioned to form a partnership with LEO satellite operators to provide high speed internet in “hard to reach” areas, complementing our nationwide terrestrial services

Financial Services (FS) Partnership

Philippines Banking Penetration



Limited Data for Credit Assessment

- Low penetration of valid IDs
 - Among people who are unable to borrow from banks, ~40% is due to lack of IDs
- Credit bureau has limited data
 - Limited coverage given low banking penetration (~35% population)

Market players with rich credit and payments data, e.g. Converge, are well-positioned to partner with financial services / fintech players to offer credit products

Source: BCG, MPA, Global Data, Company research, Statista

Notes:

1. Number of OTT video users divided by total population

2. For the period of 3Q2020



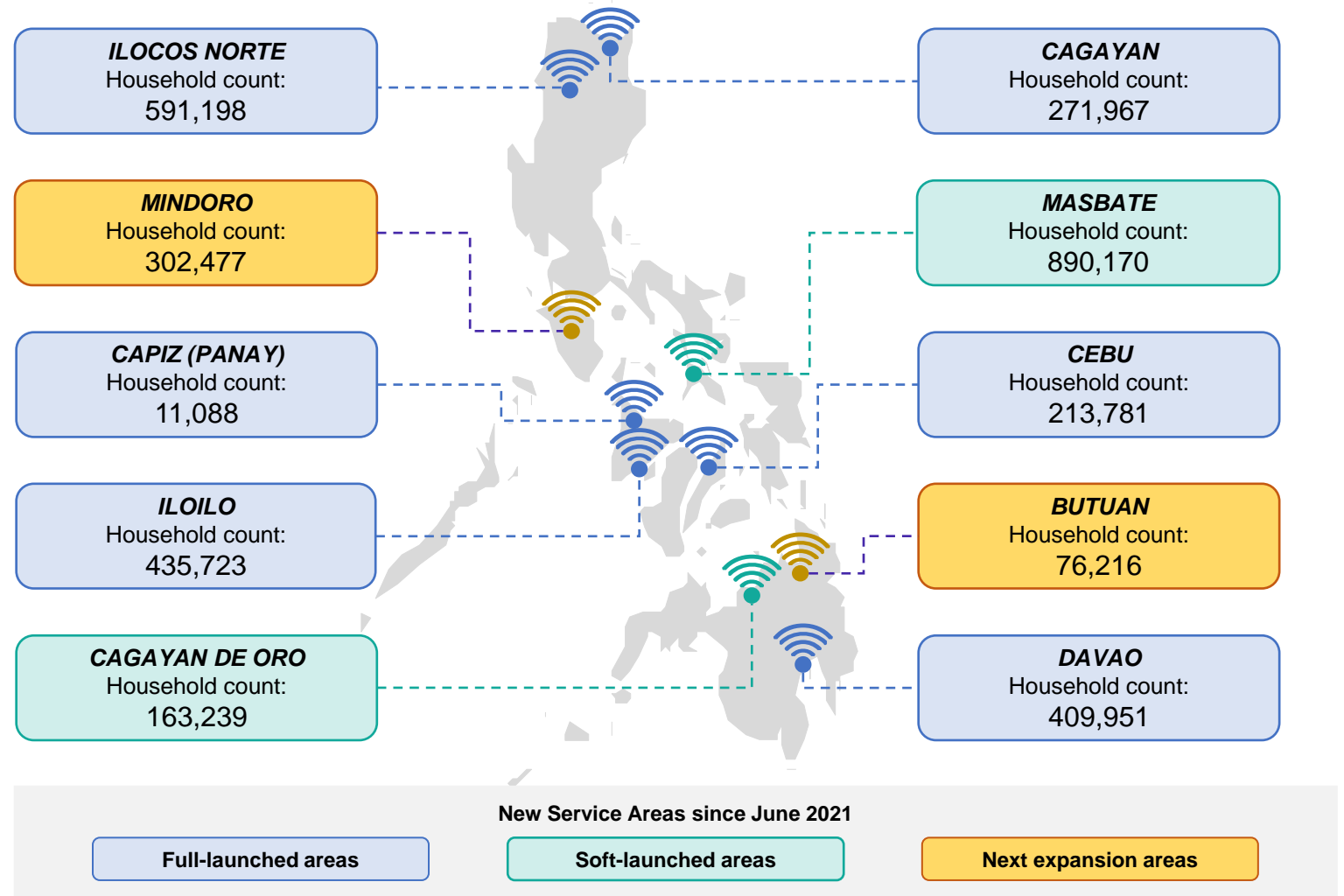
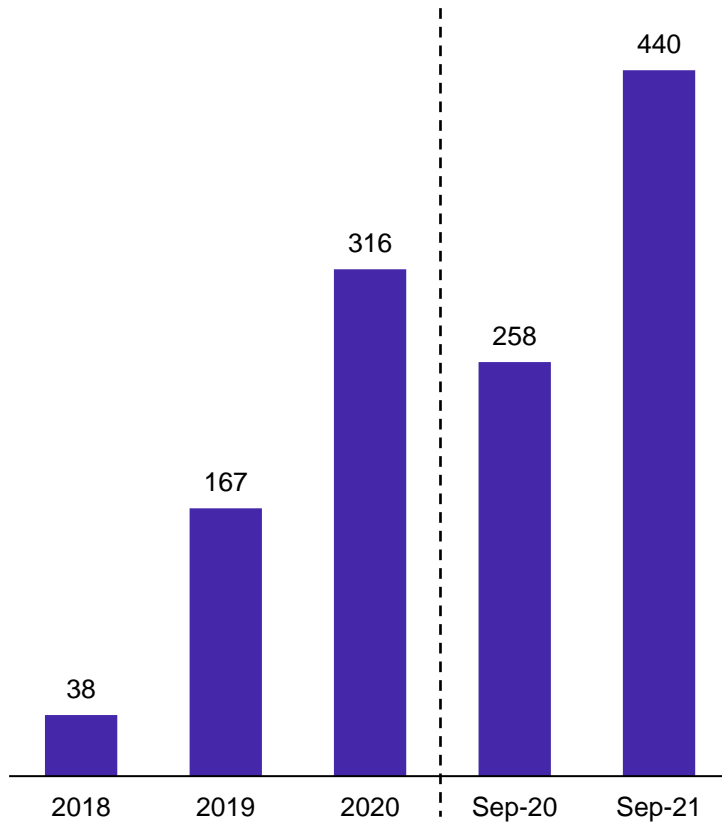
Mr. Jesus C. Romero

Chief Operations Officer

Service Coverage Pipeline

Cities and municipalities reached through our network

Number of Cities and Municipalities(#)



Completed Domestic Subsea Cable Project



P6 billion

Investment to connect the country's major islands to the Converge national fiber backbone

1,800 Kilometers

Subsea Cables

20

Landing Stations

90,000 Kilometers

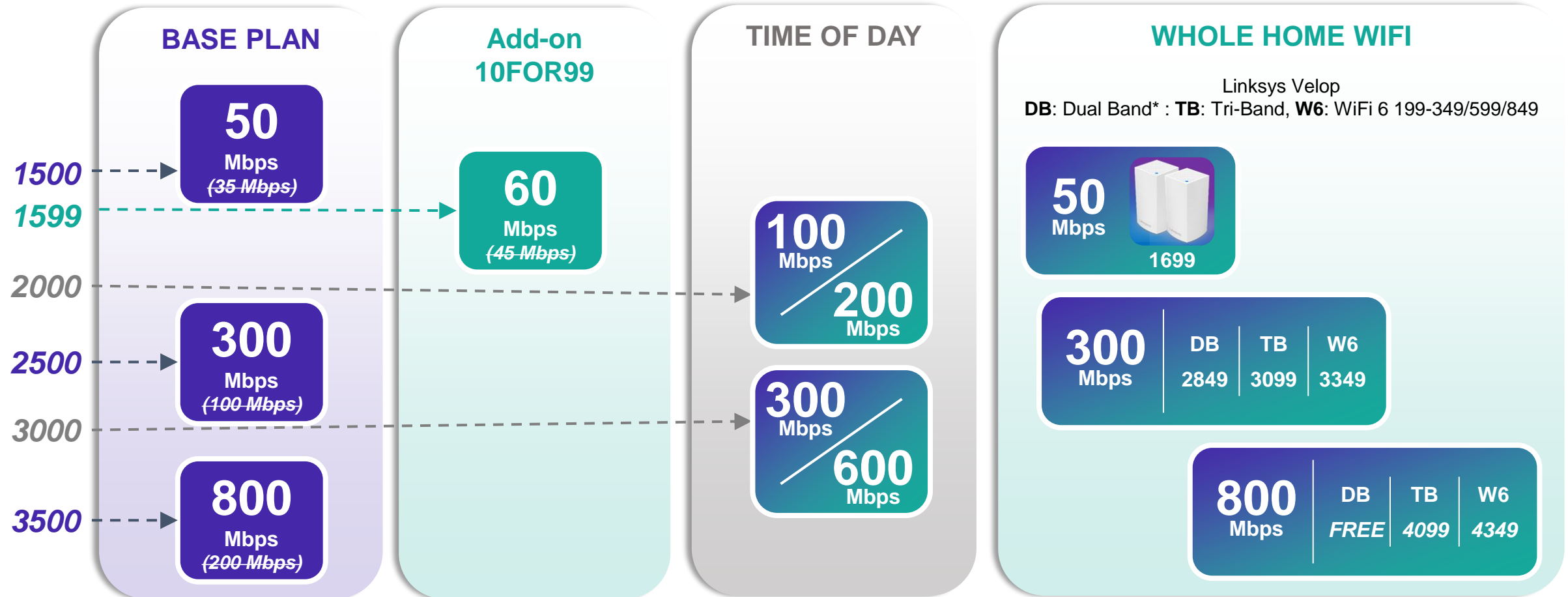
Of Terrestrial Fiber Backbone



Leading with Superior Speeds at Affordable Prices



In celebration of the Company's IPO Anniversary

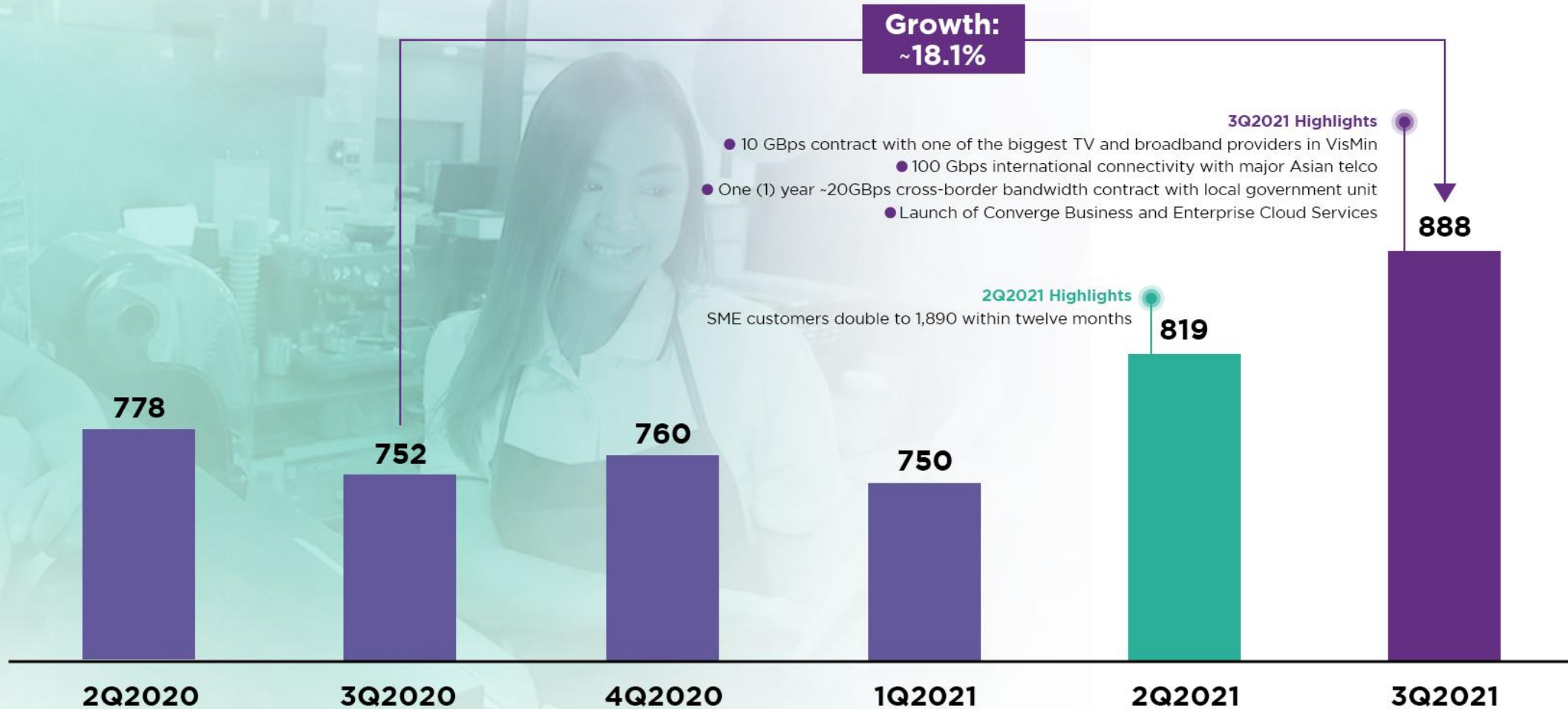


Recovery of Enterprise Business



STRONG RECOVERY MOMENTUM FOR ENTERPRISE BUSINESS

PHP MM





Mr. Benjamin B. Azada

Chief Strategy Officer



Enhancing Customer Experience

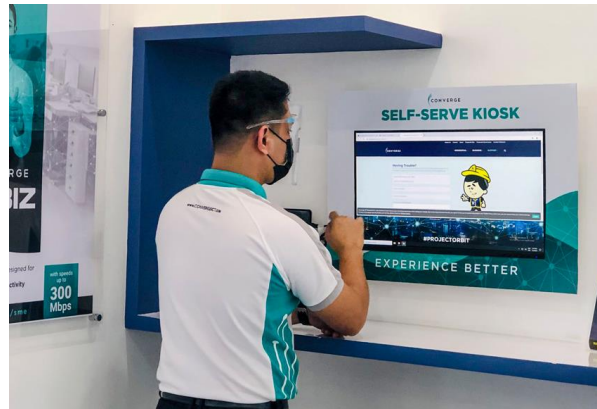
Nationwide reach via launch of One Nationwide Cellular Hotline

- ✓ Launched last September 2021
- ✓ Allows subscribers to avail of customer services from **anywhere in the Country**, avoiding long distance toll charges



Reduced line queuing through multiple initiatives

- ✓ Launched self-service kiosks last September 2021 in **4 Pilot business centers**
- ✓ Total of **63 kiosks** deployed as of October 2021



- ✓ First “Fiber Fast” Business Center with **Fiber Fast Lane**

Augmented customer experience

- ✓ Over **631k** cumulative app registrations as of 3Q2021, with **40% of subscribers** now app-registered
- ✓ Addition of **40 customer agents** in 3Q2021 bringing total to **870 customer agents**
- ✓ Average number of **monthly network outages** for 9M2021 is **less than half** of closest competitor
- ✓ **0.43% average daily trouble index⁽¹⁾** during 3Q2021

Note:

(1) Average daily trouble index is measured by dividing average daily trouble tickets raised during the quarter by the average subscriber base between the current and previous quarter

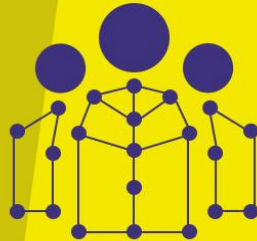
Sustainability Commitment

We empower the Filipino People and the nation through technology. We respect humanity and the environment as we create a prosperous and sustainable future for all.



Delighting customers by taking care of our own

Building trust with our customers



Operating a sustainable company and leading it with integrity and good governance

Upholding integrity and good governance



Giving back to our planet

Pursuing greener operations



Creating positive community impact

Empowering our communities

Caring for our people

Ensuring sustainable operations

Sustainability Targets

Energy and Emissions



2050

Net Zero

2030

75% Scope 2

GHG emission

reduction

Managing Waste

2030

0 kg

solid waste
to landfill



Diversity and Inclusion

2025

Female **30%**



Learning and Development

2022

40 training

hours per

employee

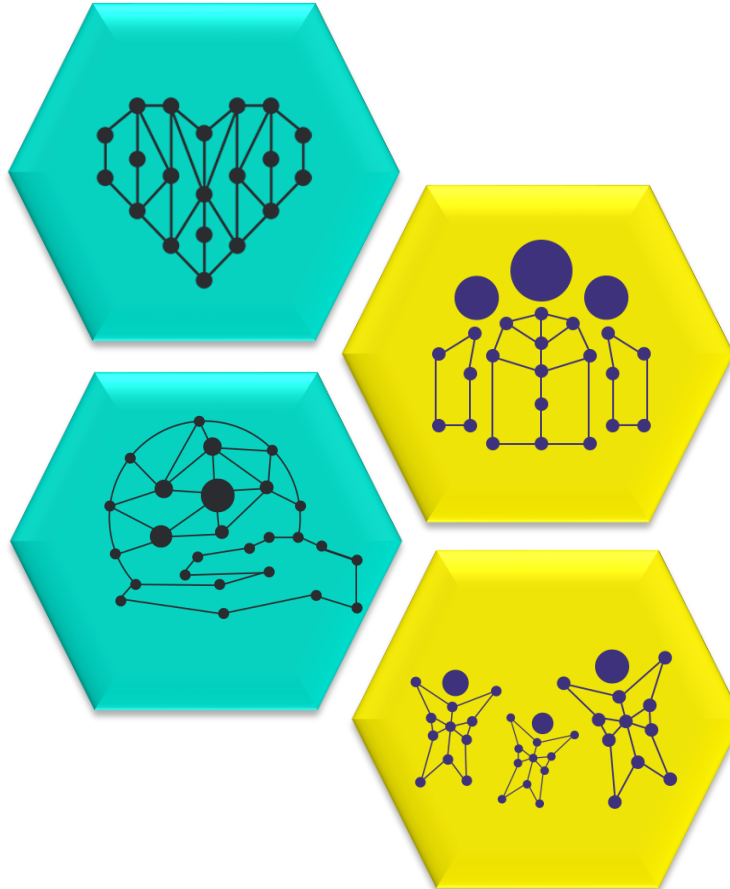


Delighting customers by taking care of our own

- Milestone vaccination rate of **85% vaccinated employees** reached last September 30, 2021.
- Launch of Converse University which provides upskilling services and seminars to employees, agents, and contractual workers of the Company.

Giving back to our planet

- Purchase of up to 2.5 megawatts of **geothermal energy** from First Gen Corporation to power main head office in Pasig City.
- Employing **energy efficiency data and analytics** to support Company's gradual shift to renewable energy sources.
- Entered into a 3-year partnership for the rehabilitation and protection of the Angeles Watershed



Operating a sustainable company and leading it with integrity and good governance

- Strengthened the independence and capabilities of the **Data Privacy** function
- Execution of company-wide cybersecurity and data privacy teach-ins and seminars for employees
- Approval of **Enterprise Risk Management policy** based on ISO 31000:2018 standards

Creating positive community impact

- Extension of **free-fiber connectivity** to over 12,000 public school students in over 6,000 households in San Juan City
- Extension of **free-fiber connectivity** to four (4) provincial learning hubs of Philippine Science High School



Q&A



www.convergeict.com



Dennis Anthony Uy



Converge ICT Solutions Inc.



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@ConvergeICTOfficial



@TheFiberMaster



@ExperienceCNVRG





Thank you!



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Appendix

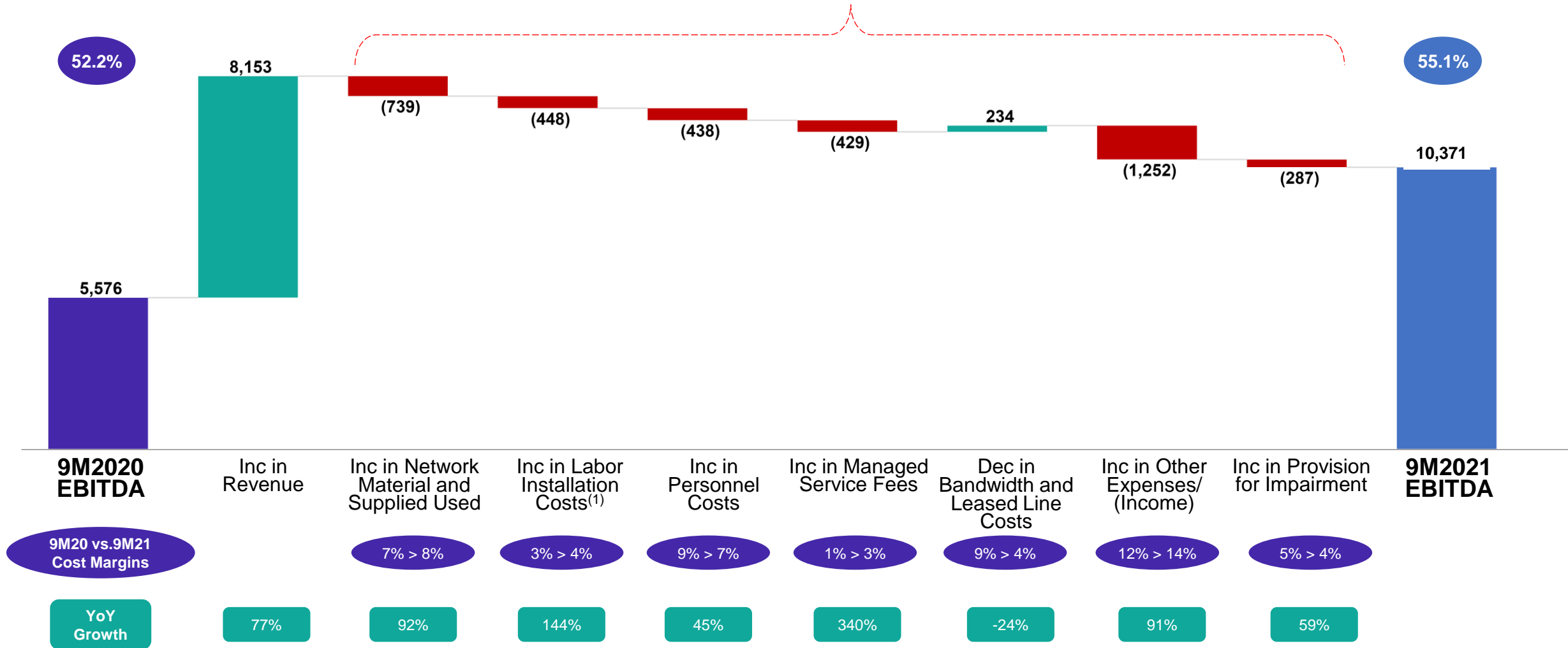
Revenue growth and cost management initiatives contributed to EBITDA growth



YoY EBITDA Growth

PHP MM

Total Cost Net Increase: PHP (3,359)



Notes:

1. Labor installation costs relates to the installation costs incurred for our new subscribers. These are capitalized as deferred contract costs and amortized over the contract period.

Quarterly Operational Performance Summary



	2020				2021			YoY Change %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	3Q2020 vs 3Q2021
Residential								
Revenues	2,287	2,691	3,435	4,215	4,797	5,415	6,162	79%
FTTH	1,614	1,992	2,679	3,509	4,086	4,771	5,571	108%
HFC	673	698	756	707	711	644	590	-22%
Customers	615,466	731,563	900,531	1,038,321	1,181,723	1,355,079	1,576,759	75%
FTTH	405,784	512,597	673,005	822,791	964,644	1,139,290	1,363,681	102%
HFC	209,682	218,966	227,526	215,530	217,079	215,789	213,078	-6%
Homes Passed	3,599,533	4,111,661	5,112,591	6,177,845	7,172,033	8,303,553	9,610,861	88%
FTTH	2,789,112	3,301,240	4,281,768	5,342,008	6,330,536	7,462,056	8,768,296	105%
HFC	810,421	810,421	830,823	835,837	841,497	841,497	842,565	1%
Ports	2,204,977	2,461,041	2,971,707	3,506,841	4,006,765	4,572,525	5,226,713	76%
FTTH	1,394,556	1,650,620	2,140,884	2,671,004	3,165,268	3,731,028	4,384,148	105%
HFC	810,421	810,421	830,823	835,837	841,497	841,497	842,565	1%
Household Coverage (%)	14.5%	16.6%	20.6%	24.5%	28.3%	32.5%	37.6%	83%
ARPU	1,284	1,287	1,352	1,408	1,390	1,372	1,346	0%
FTTH	1,417	1,405	1,467	1,516	1,481	1,455	1,424	-3%
HFC	1,046	1,033	1,046	1,044	1,014	967	891	-15%
Customer Churn (%)	0.39	1.08	1.63	1.35	1.16	1.11	1.32	-19%
FTTH	0.34	0.78	1.28	0.61	1.14	0.97	1.32	3%
HFC	0.49	1.74	2.55	3.84	1.27	1.79	1.34	-48%
Port Utilization (%)	27.9	29.7	30.3	29.6	29.5	29.6	30.2	0%
FTTH	29.1	31.1	31.4	30.8	30.5	30.5	31.1	-1%
HFC	25.9	27.0	27.4	25.8	25.8	25.6	25.3	-8%
Enterprise								
Revenues	734	778	752	760	750	819	887	18%
Customers	10,378	10,498	10,953	11,090	12,400	17,539	21,425	96%
ARPU	23,910	26,569	21,675	23,002	21,269	18,247	15,175	-30%
Customer Churn (%)	0.30	0.33	0.49	1.61	0.72	0.35%	1.42	189%

Consolidated Income Statement



	For the nine months ended September 30				For the three months ended September 30			
	2021	2020	YoY change	YoY change %	2021	2020	YoY change	YoY change %
	(in ₱ millions)							
Revenues	18,831	10,677	8,154	76%	7,050	4,187	2,862	68%
<i>Residential</i>	16,374	8,413	7,961	95%	6,162	3,435	2,727	79%
<i>Enterprise</i>	2,457	2,264	192	9%	887	752	135	18%
Cost of services	(7,461)	(4,944)	(2,518)	51%	(2,636)	(1,926)	(711)	37%
Gross profit	11,370	5,733	5,636	98%	4,413	2,262	2,152	95%
General and administrative expenses	(3,272)	(1,771)	(1,501)	85%	(1,148)	(695)	(453)	65%
Provision for impairment of trade and other receivables	(778)	(491)	(287)	58%	(254)	(166)	(87)	52%
Other income (loss), net	(132)	125	(257)	N/M	(310)	52	(361)	N/M
Profit from operations	7,188	3,597	3,591	100%	2,702	1,452	1,250	86%
Finance costs	(448)	(454)	6	-1%	(184)	(107)	(77)	72%
Profit before income tax	6,740	3,142	3,598	114%	2,518	1,345	1,173	87%
Income tax expense	(1,542)	(952)	(589)	62%	(572)	(414)	(158)	38%
Profit after income tax for the year/ period	5,198	2,190	3,008	137%	1,946	931	1,015	109%
Other comprehensive income.....	-	(19)	19	100%	-	-	-	-
Total comprehensive income.....	5,198	2,171	3,028	139%	1,946	931	1,015	109%
Profit after income tax	5,198	2,190	3,008	137%	1,946	931	1,015	109%
Finance costs	448	454	(6)	-1%	184	107	77	72%
Income taxes	1,542	952	589	62%	572	414	158	38%
Depreciation and amortization – cost of services	2,565	1,651	914	55%	937	700	237	34%
Depreciation and amortization – general and administrative expenses...	157	106	51	48%	55	23	31	133%
Amortization of subscriber acquisition costs	461	222	239	108%	183	87	96	111%
EBITDA	10,371	5,576	4,795	86%	3,877	2,262	1,615	71%
EBITDA Margin	55.1%	52.2%			55.0%	54.0%		

Consolidated Balance Sheet



	As of the period			
	Sept 30 2021	Dec 31 2020	Change	Change %
	(in ₱ millions)			
Current assets	21,441	21,271	171	0.8%
Cash and cash equivalent	9,647	12,957	(3,310)	-26%
Trade and other receivables, net	3,080	2,173	907	42%
Network materials and supplies	3,392	2,031	1,361	67%
Other current assets	5,322	4,109	1,213	30%
Noncurrent assets	53,992	35,441	18,551	52%
Property, plant and equipment, net	43,594	28,127	15,467	55%
Right-of-use assets	1,912	1,859	53	3%
Intangible assets, net	1,287	1,155	132	11%
Other noncurrent assets	7,199	6,160	2,899	17%
Total assets	75,434	56,712	18,722	33%
Current liabilities	24,956	15,385	9,571	62%
Trade and other payables	19,838	13,253	6,585	50%
Loans payable, current portion	3,061	731	2,330	N/M
Other current liabilities	2,057	1,401	656	47%
Noncurrent liabilities	17,390	13,552	3,839	28%
Loans payable, net of current portion	15,037	10,583	4,454	42%
Other noncurrent liabilities	2,354	2,969	(616)	-21%
Total liabilities	42,347	28,937	13,410	46%
Total equity	33,087	27,775	5,312	19%
Total liabilities and equity	75,434	56,712	18,722	33%

Consolidated Cash Flow Statement



	For the nine months ended September 30			
	2021	2020	YoY change	YoY change %
(in ₱ millions)				
Cash flow from operating activities				
Profit before income tax	6,740	3,142	3,598	114%
Adjustments for operating income	5,573	3,167	2,406	76%
Adjustments for assets and liabilities	(4,029)	92	(4,122)	N/M
Cash from operations	8,284	6,402	1,882	29%
Interest received and income taxes paid	(1,342)	(1,390)	48	-3%
Net cash from operating activities	6,942	5,012	1,930	39%
Cash flow from investing activities				
Acquisition of property, plant, and equipment	(15,904)	(7,881)	(8,023)	102%
Others	(363)	(999)	636	-64%
Net cash (used in) investing activities	(16,268)	(8,880)	(7,388)	83%
Cash flow from financing activities				
Proceeds from loans payable	8,833	3,474	5,359	154%
Proceeds from issuance of convertible preferred shares	-	4,566	(4,568)	-100%
Payment of loans payable	(2,049)	(2,006)	(43)	2%
Others	(757)	(1,600)	843	-53%
Net cash from/(used in) financing activities	6,028	4,434	1,594	36%
Net increase/(decrease) in cash and cash equivalents	(3,299)	565	(3,864)	N/M
Cash and cash equivalents, beginning	12,957	6,233	6,724	108%
Effects of exchange rate changes in cash and cash equivalents	(12)	(64)	51	-81%
Cash and cash equivalents, ending	9,647	6,735	(2,912)	43%

Liquidity and Capital Resources



	September 30, 2021	December 31, 2020	Change (%)
Balance Sheet Data (in ₱ millions)			
Total Assets	75,434	56,712	33%
Total Debt	18,098	11,314	60%
Total Stockholders' Equity	33,087	27,775	19%
Financial Ratios			
Total Debt to EBITDA (gross)	1.5x	1.4x	
Total Debt to EBITDA (net)	0.7x	-0.2x	
Debt Service Coverage	4.3x	2.3x	
Interest Coverage (gross)	23.2x	14.9x	
Debt to Equity (gross)	0.5x	0.4x	
Debt to Equity (net)	0.3x	-0.1x	
Return on Invested Capital	21.7%	20.0%	



3Q 2021 RESULTS INVESTORS BRIEFING

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