



1Q2024 RESULTS INVESTORS BRIEFING



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- 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.
- The session will be recorded.



Dennis Anthony H. Uy
CEO and Co-Founder



Grace Y. Uy
President and Co-Founder



Christine Renee R. Blabagno
Deputy Chief Finance Officer



Jesus C. Romero
Chief Operations Officer



Benjamin B. Azada
Chief Commercial Officer and
Chief Sustainability Officer

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Mr. Dennis Anthony H. Uy

CEO and Co-Founder



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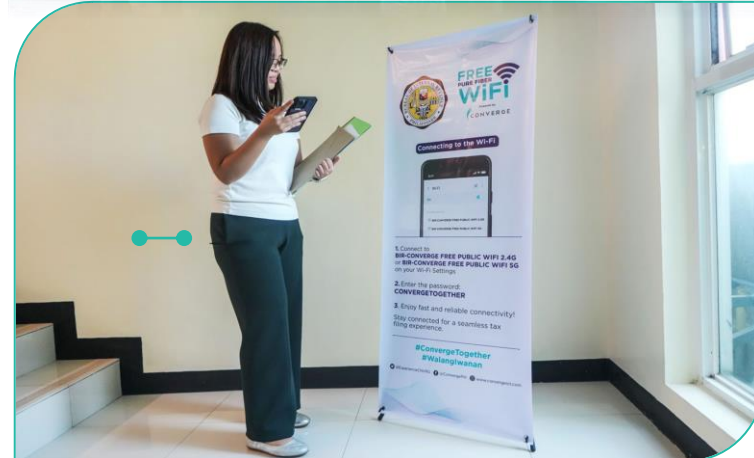
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STRATEGIC PARTNERSHIP
FOR DIGITAL TRANSFORMATION

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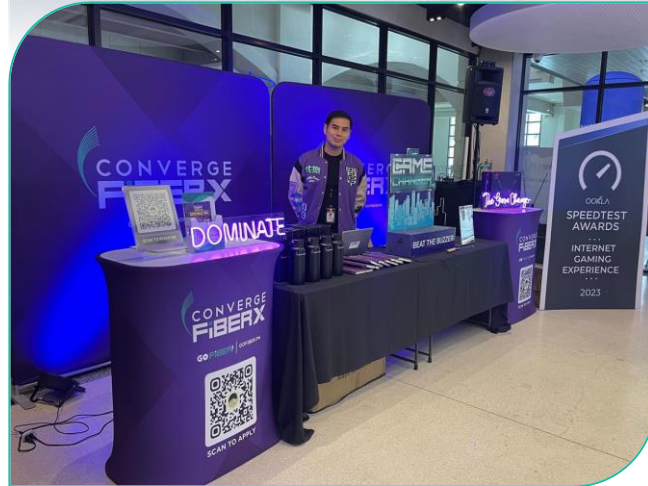
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Ms. Grace Y. Uy

President and Co-Founder



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A professional portrait of Mr. Robert Yu, a bald man with a friendly smile, wearing a dark suit, white shirt, and patterned tie. The background is a stylized city skyline with a blue and purple color scheme and a network of glowing nodes and lines.

Mr. Robert Yu

Chief Finance Officer

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Consolidated Revenue, EBITDA margin, and ROIC trifecta exceeds guidance; Quarterly consolidated net adds returned to 125k levels



Consolidated revenue grew by 10.4% YoY in 1Q2024, higher than 7-8% guidance, owing to double-digit growth figures from both Residential and Enterprise segments.



Residential revenue grew by 10.4% YoY to ~PHP 8.2 Bn in 1Q2024, outpacing 6% growth guidance.



Consolidated gross adds reached 244,670 in 1Q2024, highest in 10 quarters. Monthly churn rate continued to slide to 1.82% in 1Q2024 from 2.18% in the previous quarter.



FiberX garnered 54,615 net adds in 1Q2024, its highest quarterly net adds in 2 years.



Enterprise revenue grew by 10.5% YoY to ~PHP 1.4 Bn in 1Q2024, with the SME sub-segment growing by 30.5%



EBITDA grew by 12.8% YoY to ~PHP 5.8 Bn in 1Q2024. EBITDA margins ended at 61.1% in 1Q2024, well above 58-59% guidance.



Core net income after tax of ~PHP 2.6 Bn in 1Q2024 – up by 17.5% YoY and representing a higher net margin of 26.7% vs. 25.1% net income margin from 1Q2023



1Q2024 ROIC¹ at 17.4% – exceeds management guidance of 15-16%

Notes:

1. 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 total equity and total debt (comprising loans payable (non-current and current portions)), less cash and cash equivalents; NOPAT defined as tax-adjusted operating profit assuming statutory tax rate of respective companies; total capital defined as the sum of net debt and total equity attributable to owners of the parent and non-controlling.

Ms. Christine Renee R. Blabagno

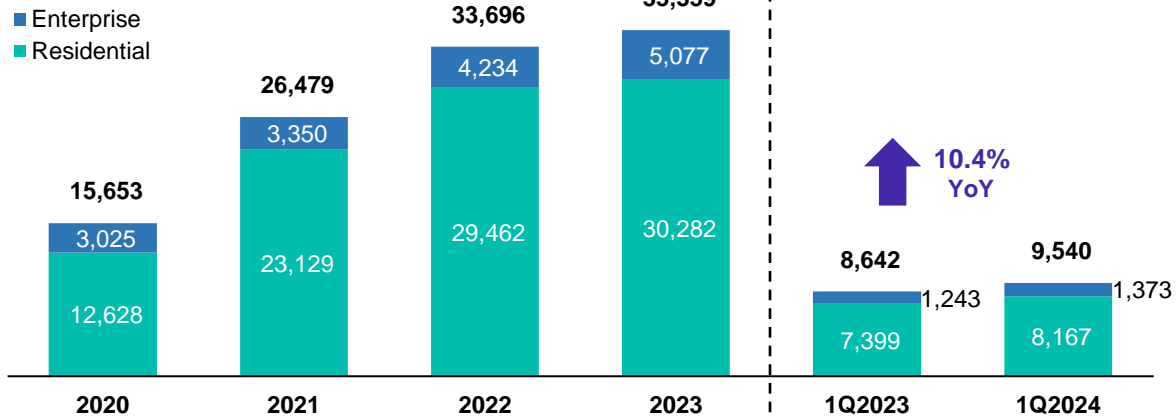
Deputy Chief Finance Officer



Consolidated revenue, EBITDA margin, and ROIC beat management guidance

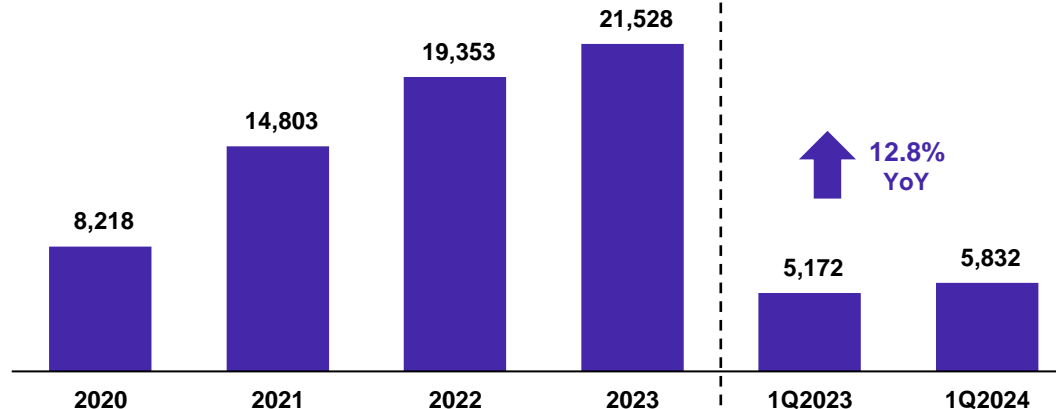
Revenue

PHP Mn

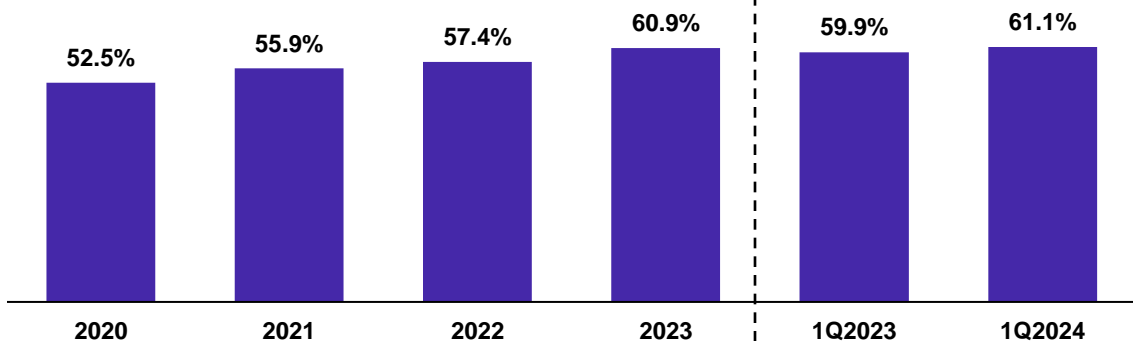


EBITDA (1)

PHP Mn

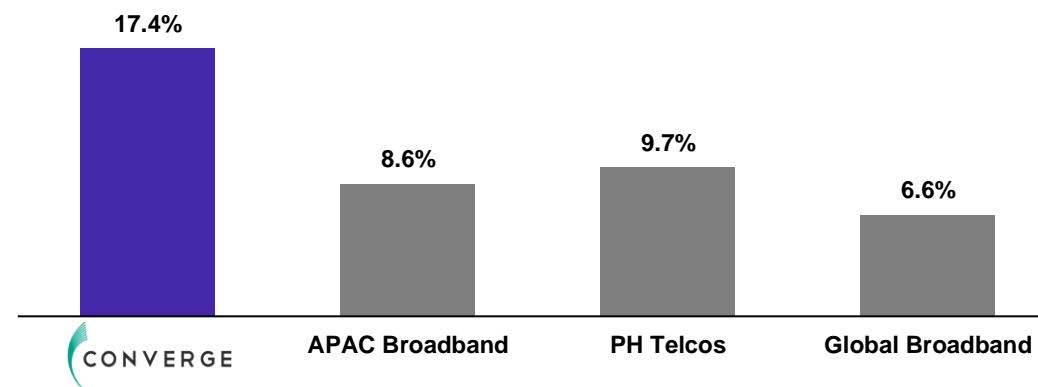


EBITDA Margin (1)



ROIC (2)(3)

Annualized



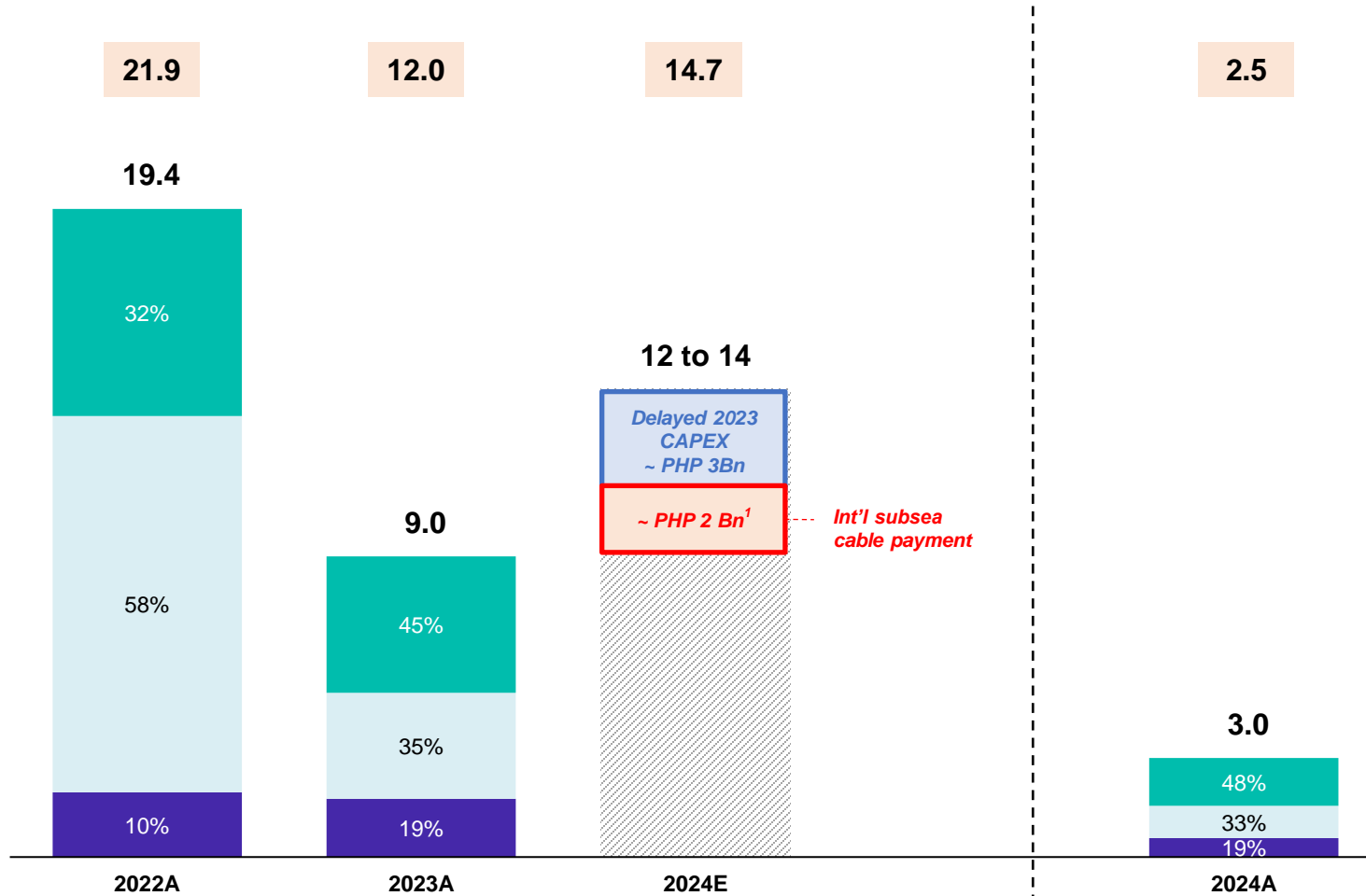
Notes:

- 2021-2024 EBITDA shown as reported EBITDA. 2020 EBITDA shown as Pro Forma Adjusted EBITDA, where historical EBITDA is adjusted for Pro Forma Events and provision for contingencies and loss on direct write off of network materials and supplies.
- 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 total equity and total debt (comprising loans payable (non-current and current portions)), less cash and cash equivalents; NOPAT defined as tax-adjusted operating profit assuming statutory tax rate of respective companies; total capital defined as the sum of net debt and total equity attributable to owners of the parent and non-controlling.
- APAC broadband players includes HKBN and Time dotCom; Global broadband players include Altice, Charter Communications and Liberty Global; Phils Telco includes PLDT and Globe; Figures computed based on latest data available as of briefing date.

1Q2024 Cash CAPEX at PHP 3.0 Bn; FY2024 Cash CAPEX guidance lowered to ~ PHP 12 to 14 Bn as Bifrost and data center CAPEX moves to 2025

Cash CAPEX

PHP Bn



Cash CAPEX for 2024

- FY2024 Cash CAPEX is expected to settle at ~ PHP 12 to 14 Bn as the completion date of Bifrost moves to 2025 while the projected data center to be completed in 2024 will only be paid in 2025.
- Remaining international subsea cable payment expected for the year pertains to progress payments for SEA-H2X and related cable landing stations.

Legend

- Backbone
- Access
- Others²
- Accrual

Notes:

- Bifrost is now slated to be completed in 2025 thus pushing back a significant portion of the international subsea cable payments to 2025.
- Others include capital expenditures for software and licenses, land, data center, international subsea cable system, and other office and transportation property, plant, and equipment

Moderately levered balance sheet with limited exposure to macro pressures

Moderately leveraged capitalization structure

Capital Structure

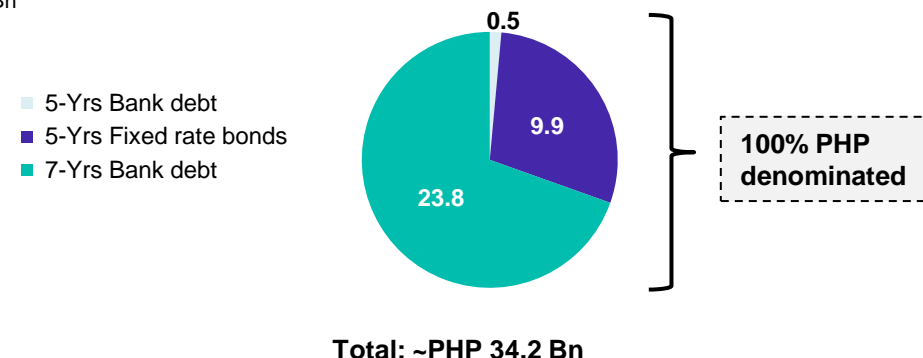
PHP Bn

Capitalization Structure	In PHP Bn	Common Equity	In PHP Bn
Current portion of LT debt	5.4	Share capital	1.9
LT Borrowings, net of current portion	28.8	APIC	18.7
Total debt	34.2	Treasury shares	(6.5)
Cash and cash equivalents - PHP	7.6	Retained earnings	33.4
Cash and cash equivalents - USD	6.5	Other equity items	0.3
Total cash	14.1	Total common equity	47.8
Net debt	20.1		
Total common equity	47.8		
Total capitalization (D + E)	67.9		

Long-term, 100% peso denominated debt portfolio

Debt exposure⁽²⁾

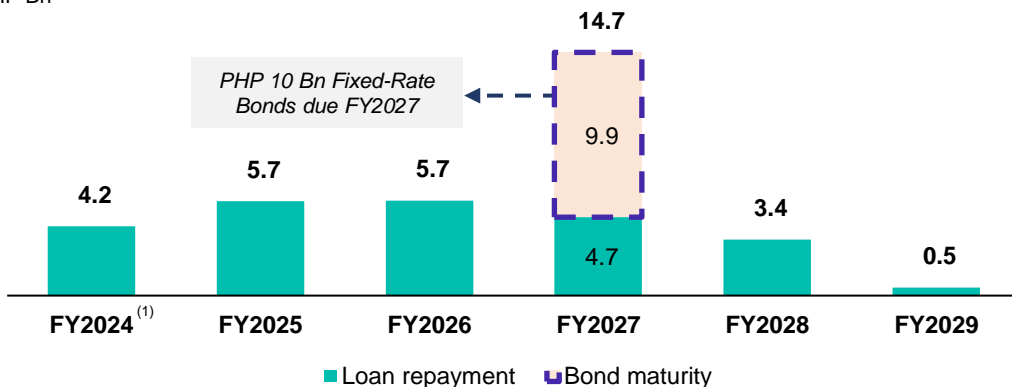
PHP Bn



Debt repayment expected to peak in FY2027, due to maturing PHP 10 Bn 5-Yr fixed rate bonds

Debt repayment profile

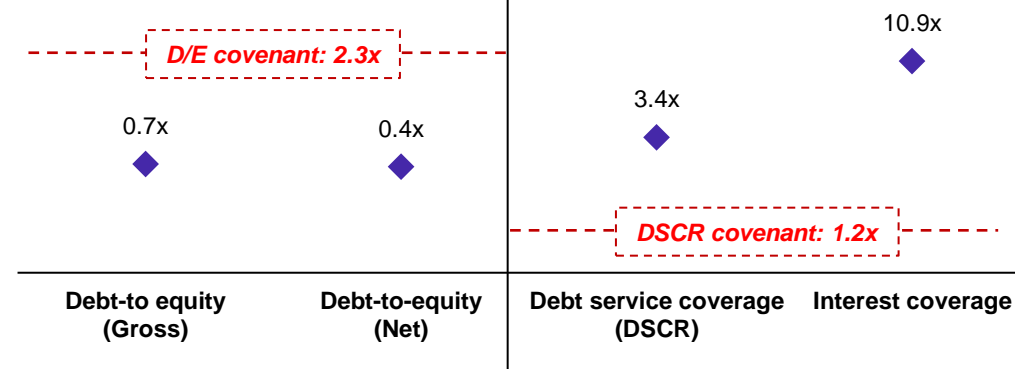
PHP Bn



Moderate gearing levels, well-within bank financial covenants

Gearing covenants

Ratios



Notes:

- FY2024 debt repayment of 4.2Bn pertains to the remaining loan repayment for the year.
- Breakdown of outstanding debt balances as of March 31, 2024 – includes current portion of long-term debt

Mr. Benjamin B. Azada

Chief Commercial Officer and Chief Sustainability Officer



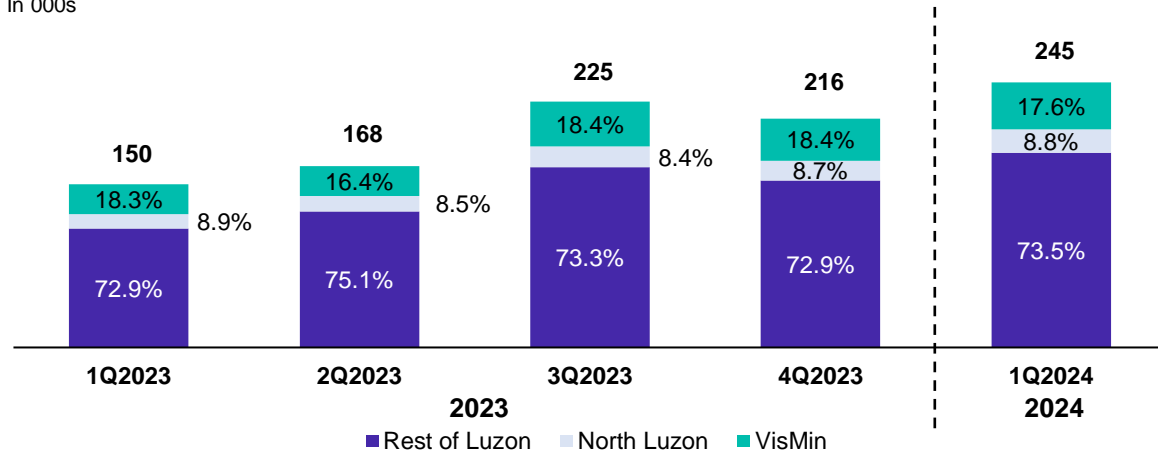
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Growing subscriber adds across Converge's three brands propelled 1Q2024 net adds back to 125k levels

Consolidated net adds in 1Q2024 ended at 124,793, the highest since 3Q2021, on the back of increased gross adds paired with sharp decline in churn.

Quarterly Consolidated Gross Adds – By Region⁽¹⁾

In 000s



1Q2024 registered consolidated gross adds of 244,670, highest in 10 quarters, with FiberX contributing 65% of the total gross adds during the period.



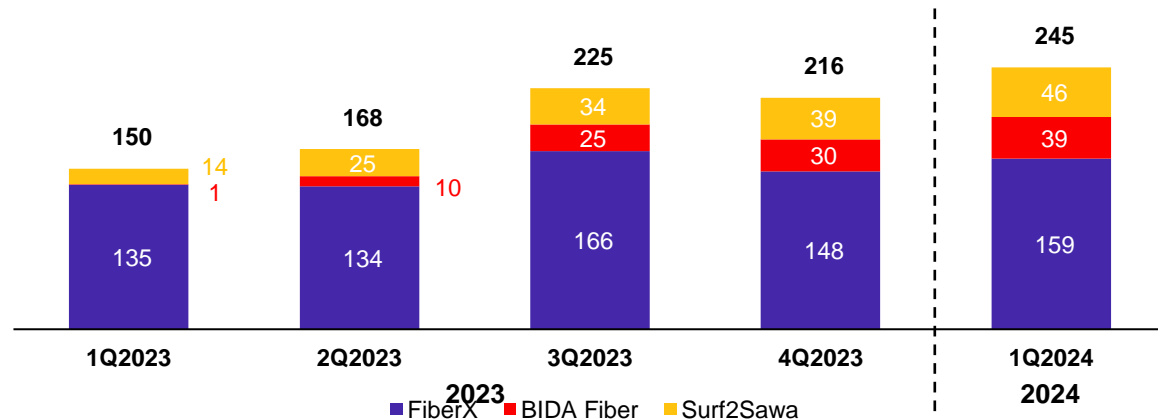
FiberX net adds reached a 2-year high at 54,615, respectively. **BIDA Fiber and Surf2Sawa maintained their promising growth trajectory.**



Monthly churn rate continued its sharp decline to just 1.8% from its 2023 peak of 2.4% in 3Q2023.

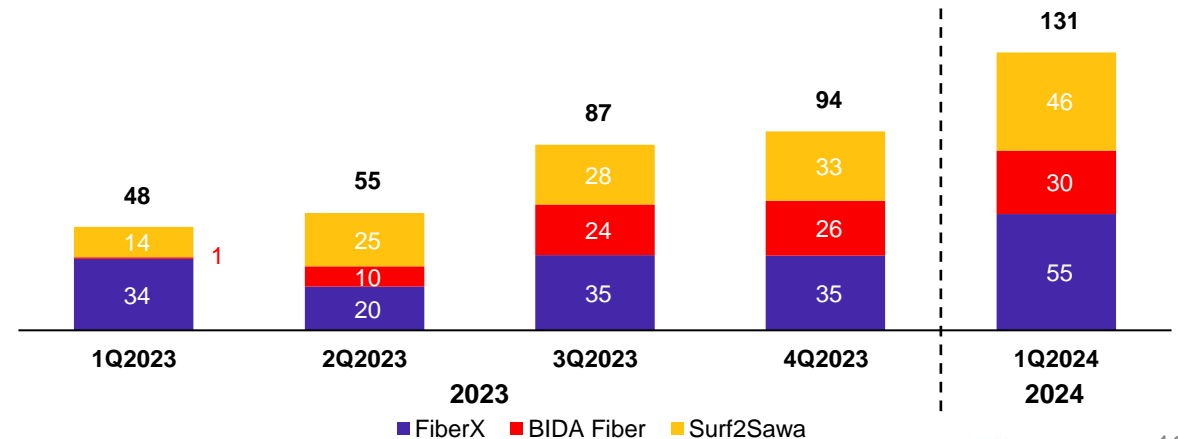
Quarterly Consolidated Gross Adds

In 000s



Quarterly Consolidated Fiber Net Adds - By Product⁽²⁾

In 000s

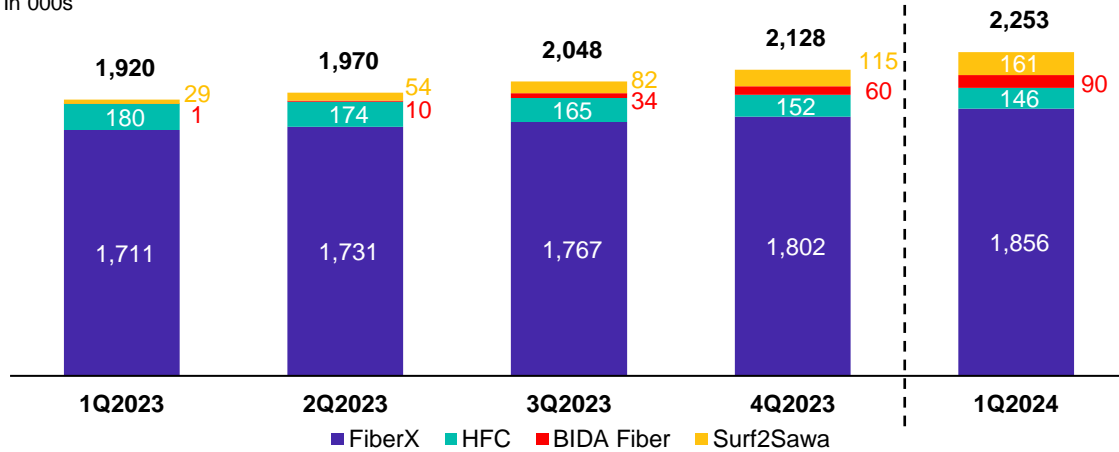


Consolidated EOP subscribers ended at 2.3Mn; BIDA Fiber and Surf2Sawa combined EOP subscribers ended at 251k

Consolidated EOP subscribers ended at 2,252,845 in 1Q2024, broken into 1,856,443 FiberX subscribers and 250,713 BIDA Fiber and Surf2Sawa subscribers.

Quarterly Consolidated EOP Subscribers

In 000s



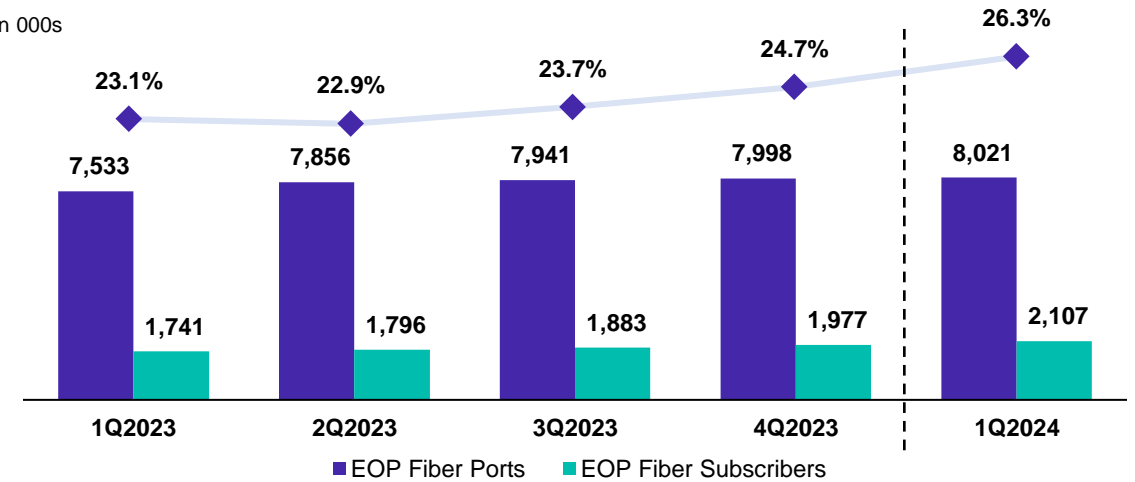
Consolidated FTTH EOP subscribers breached the 2 million mark and ended 1Q2024 with 2,107,156 subscribers.



FiberX ARPU¹ ended at PHP 1,335 in 1Q2024.

Fiber Port Utilization

In 000s



Fiber port utilization in 1Q2024 ended at 26.3%, third consecutive uptick from 22.9% of 2Q2023.



Converge still has 5.9 million available fiber ports as of 1Q2024.



16.0Mn fiber homes passed as of 1Q2024 while fiber household coverage ended at 60.3%.

Notes:

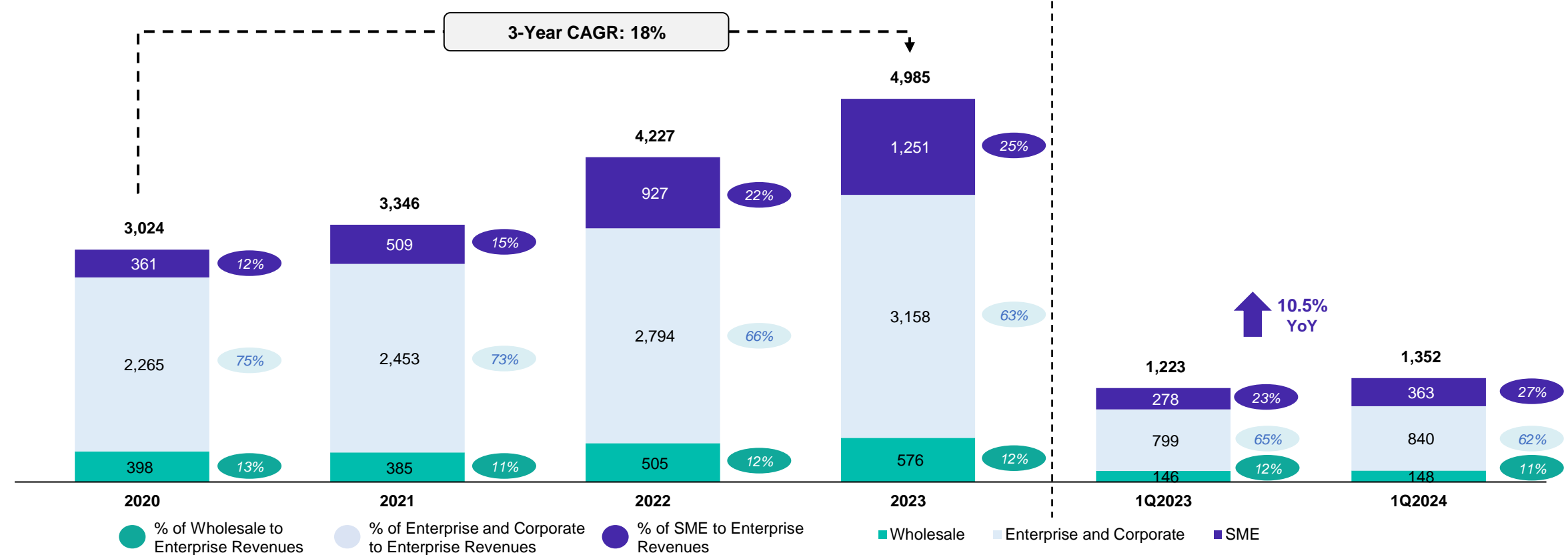
1. Monthly ARPU for our Residential Business is calculated by dividing (i) the monthly recurring revenue generated during a period by (ii) the average number of subscribers during that period, then dividing the quotient by the number of months during that period.

Enterprise maintains double-digit growth in 1Q2024

SME led enterprise subsegment growth, growing by 31% YoY.

Enterprise revenues by segment

Monthly Recurring Revenues (MRC) only - In PHP millions



Converge remains steadfast in its commitment to sustainable practices

Customer Privacy and Data Security

0 Customer data breaches

Climate Adaptation and Resilience

Disaster Risk Reduction Management Course Completion



Workforce Welfare

Launch of EPIC Awards



Diversity, Equity and Inclusion

Signatory for the Women Empowerment Principles (WEPs)



Customer Welfare

32% ↓

Improvement in Customer Average Interruption Duration vs. 2022

Awards and Achievements



Fastest Internet Service Provider in the Philippines Ookla® Speedtest Awards™



Broadband Telecom Company of the Year, Philippines 2023

Energy and Emissions

23% ↓

Reduction in Network Energy Intensity vs. 2022

Waste Management

Converge EPR Program establishment

1,333 kg of plastic waste repurposed into eco-cast material

Anti-Corruption

ASEAN Corporate Governance Scorecard Golden Arrow Awards: Three Arrows



ESG RATINGS



In May 2023, Converge received an improved rating of 'A', compared to its 2022 rating of 'BBB'.

In October 2023, Converge Information and Communications Technology Solutions, Inc. received an ESG Risk Rating of 19.6 and was assessed by Sustainalytics to be at LOW risk of experiencing material financial impacts from ESG factors



S&P Global CSA Score 2023

Converge received an improved CSA score of 50 in 2023, compared to its 2022 score of 40.



Score: C Awareness-Level Engagement

Key Improvements in Sustainability Reporting



Implemented ESG solution platform



Increased level of assurance



Partial adoption of IFRS Sustainability Standards

Sustainability Highlights and Initiatives in 1Q2024

Customer Welfare



URL Filtering System Statistics - 2023



Diversity, Equity and Inclusion



Women's Month Activities

Converge President Recognized as one of PDI's Women in Power

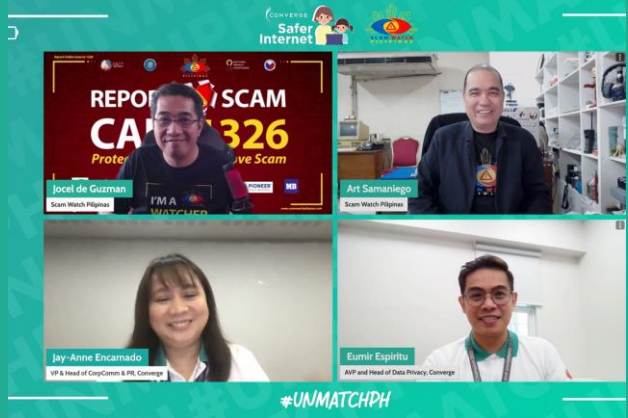
Converge VP promotes inclusion for women in technology

Fiber-powering festivals and key institutions (NAIA 1-4, BIR, NAIA OFW Lounge)



Workforce Welfare

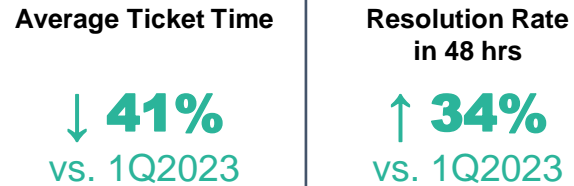
Access to Information and Communications



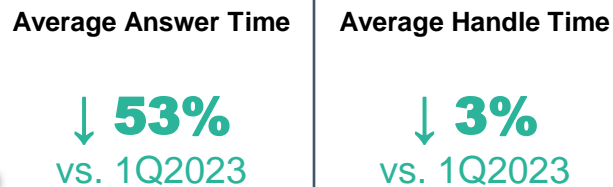
Improved customer experience metrics across different platforms through a holistic approach in customer relationship management

Customer experience metrics in 1Q2024

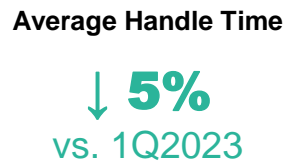
Ticket Management



Social Media



Voice Customer Support



Customer experience initiatives in 1Q2024

Ongoing initiatives that holistically address both the needs of external and internal stakeholders to improve customer service

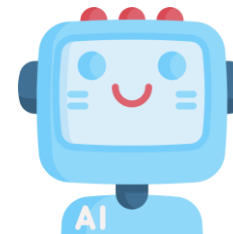


Customer Retention Management Group



MSP Enablement Workshops

Initiatives in the pipeline to give our customers a more seamless experience



Automated ticket handling powered by AI



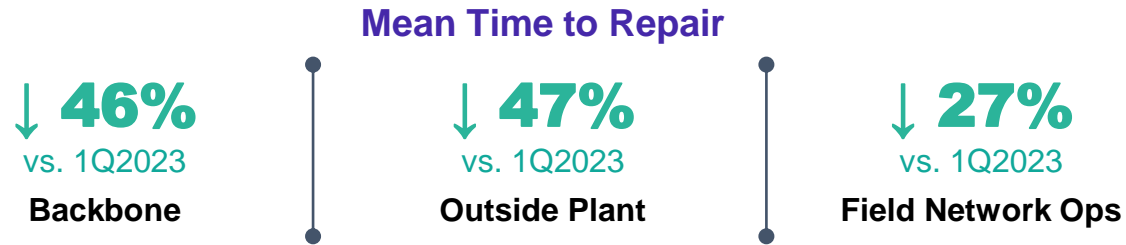
Improvements in ticket tracking



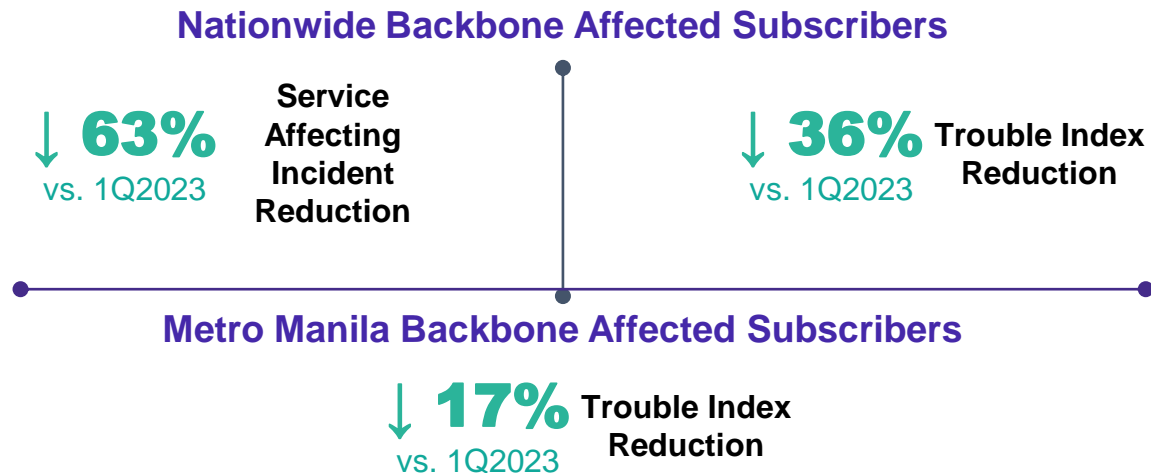
Workforce management

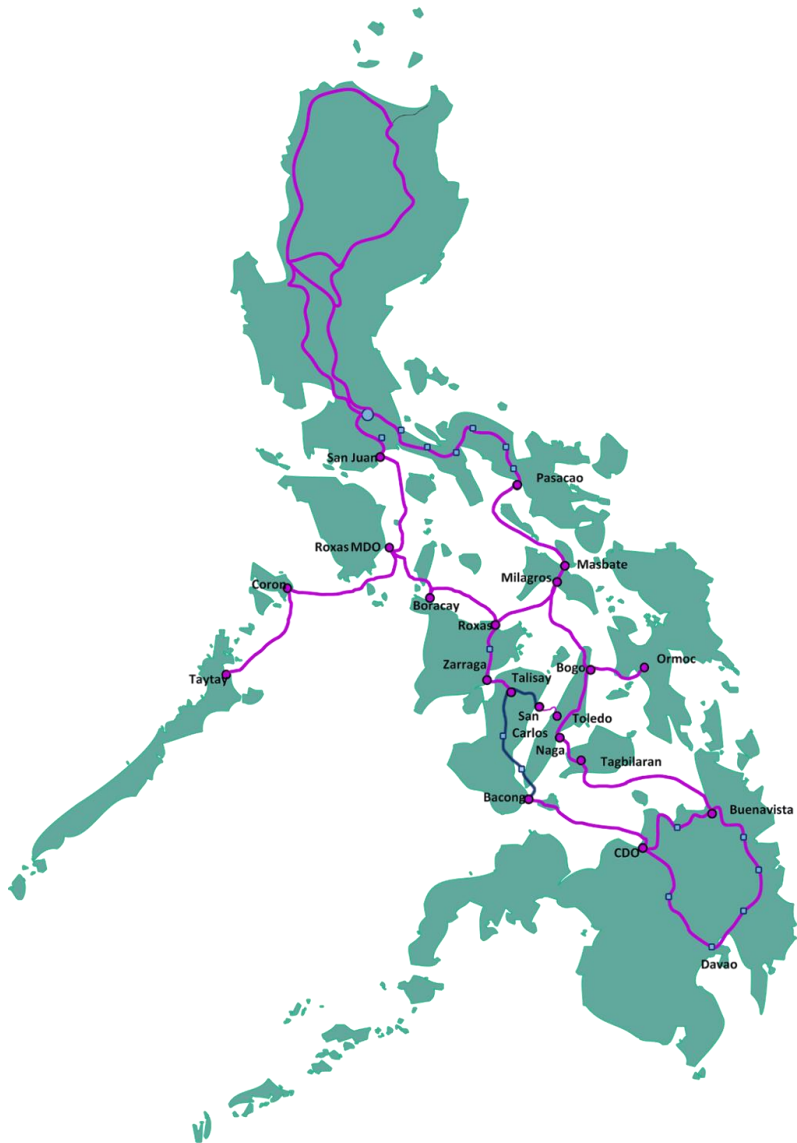
Expansive fiber infrastructure made even more resilient resulting to significant reduction in downtime

Faster average repair time in 1Q2024 vs 1Q2023



Decreasing service affecting incidents and trouble index in 1Q2024 vs 1Q2023





695,780 Kilometers

Total Fiber Assets as of March 2024



8 Million

Fiber Ports Deployed as of 1Q 2024



16 Million

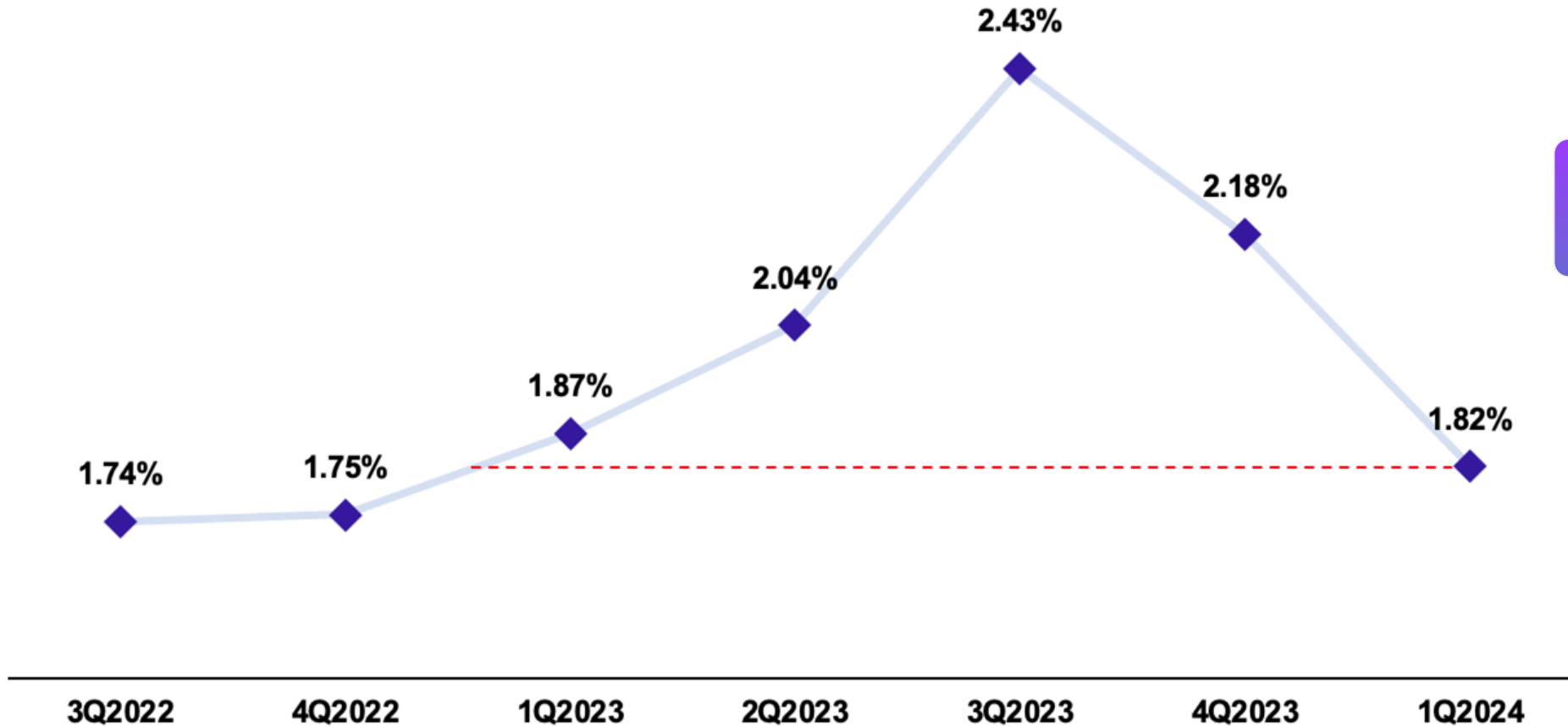
Homes Passed or 60% Households



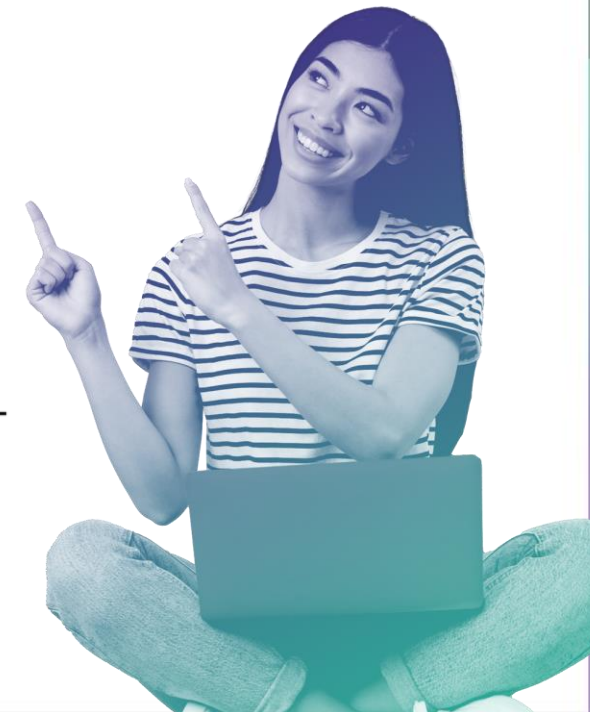
Further strengthen and expand our fiber infrastructure

Customer and Network Efforts have brought down monthly churn rate

Average Monthly Churn Rate



Second consecutive decline in churn rate



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Q&A

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Thank you!

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Quarterly Operational Performance

	2022			2023			2024	YoY Change %	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	1Q2024 vs 1Q2023
Residential									
Revenues (In PHP millions)	7,272	7,278	8,100	7,399	7,476	7,595	7,812	8,167	10.4%
FTTH	6,800	6,853	7,605	7,089	7,186	7,335	7,600	7,993	12.8%
HFC	472	424	480	311	291	259	212	173	-44.2%
Customers	1,817,115	1,845,162	1,877,361	1,920,361	1,969,663	2,048,286	2,128,052	2,252,845	17.3%
FTTH	1,622,115	1,652,977	1,692,205	1,740,666	1,795,858	1,882,987	1,976,500	2,107,156	21.1%
HFC	195,000	192,185	185,156	179,695	173,805	165,299	151,552	145,689	-18.9%
Homes Passed	13,493,993	14,316,633	14,944,517	15,921,229	16,567,221	16,736,629	16,850,877	16,897,965	6.1%
FTTH	12,643,192	13,456,376	14,089,216	15,065,928	15,711,920	15,881,328	15,995,576	16,042,664	6.5%
HFC	850,801	850,801	855,301	855,301	855,301	855,301	855,301	855,301	0.0%
Ports	7,172,397	7,583,717	7,899,909	8,388,265	8,711,261	8,795,965	8,853,089	8,876,633	5.8%
FTTH	6,321,596	6,732,916	7,044,608	7,532,964	7,855,960	7,940,664	7,997,788	8,021,332	6.5%
HFC	850,801	850,801	855,301	855,301	855,301	855,301	855,301	855,301	0.0%
Household Coverage (%)	52.1%	53.0%	56.2%	59.9%	62.3%	62.9%	63.36%	63.54%	6.1%
ARPU	1,278	1,261	1,240	1,219	1,208	1,196	1,195	1,189	-2.5%
FTTH	1,351	1,323	1,309	1,297	1,277	1,262	1,225	1,247	-3.9%
HFC	701	663	632	562	543	506	482	388	-30.9%
Customer Churn (%)	2.49	1.96	1.75	1.89	2.04	2.43	2.18	1.82	-3.5%
FTTH	2.43	2.12	1.78	2.09	2.12	2.50	2.11	1.86	-11.0%
HFC	2.98	0.83	1.43	1.16	1.19	1.68	3.03	1.33	15.3%
Port Utilization (%)	25.3	24.4	23.8	22.9	22.6	23.3	24.0	25.4	10.8%
FTTH	25.7	24.6	23.9	23.1	22.9	23.7	24.7	26.3	13.7%
HFC	22.9	22.7	21.8	21.1	20.4	19.4	17.7	17.0	-19.3%
Enterprise									
Revenues (In PHP millions)	1,034	1,149	1,115	1,243	1,244	1,292	1,299	1,373	10.5%
Customers	31,886	35,324	37,563	40,683	42,797	45,736	48,150	50,923	25.2%
ARPU	11,114	11,430	11,076	10,398	10,130	10,195	8,824	9,094	-12.5%
Customer Churn (%)	2.19	2.69	2.73	1.58	1.27	1.22	1.14	1.60	1.4%

Consolidated Income Statement

For the three months ended March 31

	2024	2023	YoY change	YoY change %
	(in ₱ millions)			
Revenues	9,540	8,642	898	10%
<i>Residential</i>	<i>8,167</i>	<i>7,399</i>	<i>767</i>	<i>10%</i>
<i>Enterprise</i>	<i>1,373</i>	<i>1,243</i>	<i>131</i>	<i>11%</i>
Cost of services	(3,331)	(2,813)	518	18%
Gross profit	6,209	5,829	380	7%
General and administrative expenses	(2,165)	(1,834)	331	18%
Provision for impairment of trade and other receivables	(370)	(431)	(62)	-14%
Equity share in net income of joint ventures	27	9	18	196%
Unrealized fair value loss on financial asset at FVTPL	(2)	(3)	-	-16%
Other income (loss), net	219	(163)	(381)	N/M
Profit from operations	3,918	3,407	511	15%
Finance costs	(494)	(533)	(39)	-7%
Profit before income tax	3,424	2,874	549	19%
Income tax expense	(872)	(702)	170	24%
Profit after income tax for the period	2,552	2,172	380	17%
Other comprehensive income	-	-	-	-
Total comprehensive income	2,552	2,172	380	17%
Profit after income tax	2,552	2,172	380	17%
Finance costs	494	533	(39)	-7%
Income taxes	872	702	170	24%
Depreciation and amortization – cost of services	1,638	1,449	189	13%
Depreciation and amortization – general and administrative expenses	95	111	(16)	-14%
Amortization of subscriber acquisition costs	181	205	(24)	-12%
EBITDA	5,832	5,172	660	13%
EBITDA Margin	61.1%	59.9%		

Consolidated Income Statement

For the three months ended March 31

	2024	2023	YoY change	YoY change %
(in ₱ millions)				
Depreciation and amortization	1,638	1,449	189	13%
Amortization of deferred contract cost	407	488	(80)	-16%
Repairs and maintenance expense	392	228	164	72%
Rent	352	124	227	183%
Bandwidth and leased line costs	121	180	(60)	-33%
Utilities	99	88	11	12%
Service fees	93	125	(32)	-25%
Personnel costs	137	87	50	58%
Network materials and supplies used	53	11	42	378%
Others	39	32	7	21%
Total cost of services	3,331	2,813	518	18%
Gross profit	6,209	5,829	380	7%
Gross profit margin	65.1%	67.4%		
Managed service fees	632	424	208	49%
Personnel costs	496	365	130	36%
Outside services	323	427	(104)	-24%
Promotions	211	82	129	157%
Repairs and maintenance	106	50	57	114%
Depreciation and amortization	95	111	(16)	-14%
Taxes and licenses	86	105	(18)	-18%
Other general and administrative expenses	216	271	(55)	-20%
Total G&A expenses	2,165	1,834	331	18%
Provision for impairment of receivables	370	431	(62)	-14%
Equity share in net income of joint ventures	(27)	(9)	18	196%
Unrealized fair value loss on financial asset at FVPTL	2	3	-	-16%
Other expense (income)	(219)	163	(381)	-234%
Operating profit	3,918	3,407	511	15%
Operating profit margin	41.1%	39.4%		

Consolidated Income Statement

	For the three months ended March 31			
	2024	2023	YoY change	YoY change %
	(in ₱ millions)			
Provision for impairment of property plant and equipment	-	(132)	(132)	-100%
Net foreign exchange loss/(gain)	79	(69)	(147)	-215%
Interest income	131	12	119	959%
Miscellaneous expense (income)	9	26	(17)	-65%
Total other expense (income), net	219	(163)	(381)	-234%
Operating profit	3,918	3,407	511	15%
Finance cost	(494)	(533)	(39)	-7%
Profit before income tax	3,424	2,874	549	19%
Income tax expense	(872)	(702)	170	24%
Net income	2,552	2,172	380	17%
Net income margin	26.7%	25.1%		

Consolidated Balance Sheet

	As of the period			
	Mar 31, 2024	Dec 31, 2023	Change	Change %
(in P millions)				
Current assets				
Cash and cash equivalents	14,064	13,694	370	3%
Trade and other receivables, net	3,537	3,456	81	2%
Due from related parties, net, current portion	207	209	(2)	-1%
Network materials and supplies, net	1,790	2,024	(234)	-12%
Deferred contract costs, current portion	1,116	984	132	13%
Other current assets	1,128	1,788	(660)	-37%
Non-current assets				
Property, plant and equipment, net	68,277	67,530	747	1%
Right-of-use assets, net	2,721	2,853	(133)	-5%
Intangible assets, net	2,266	2,145	122	6%
Advances to fixed assets suppliers	3,870	3,605	265	7%
Due from related parties, net of current portion	150	154	(4)	-3%
Other non-current assets	2,824	2,703	121	4%
Total assets	101,950	101,145	805	1%
Current liabilities				
Trade and other current liabilities	14,667	16,199	(1,532)	-9%
Due to related parties	44	42	2	5%
Borrowings, current portion	5,426	5,258	168	3%
Lease liabilities, current portion	454	460	(6)	-1%
Other current liabilities	2,857	1,958	899	46%
Non-current liabilities				
Borrowings, net of current portion	28,751	29,985	(1,235)	-4%
Retirement benefit obligation, net	31	12	19	157%
Other non-current liabilities	1,905	1,984	(79)	-4%
Total liabilities	54,135	55,899	(1,764)	-3%
Total equity	47,815	45,246	2,569	6%
Total liabilities and equity	101,950	101,145	805	1%

Consolidated Cash Flow Statement

For the three months ended March 31

	2024	2023	YoY change	YoY change %
	(in ₱ millions)			
Cash flow from operating activities				
Profit before income tax	3,424	2,874	549	19%
Adjustments for operating income	2,778	3,183	(405)	-13%
Adjustments for assets and liabilities	(1,455)	(647)	809	125%
Cash from operations	4,746	5,411	(664)	-12%
Interest received, retirement and income taxes paid	71	(239)	(310)	N/M
Net cash from operating activities	4,817	5,172	(355)	-7%
Cash flow from investing activities				
Acquisition of property, plant, and equipment and intangibles	(2,702)	(3,304)	(603)	-18%
Others	(262)	(12)	250	2121%
Net cash used in investing activities	(2,963)	(3,316)	(353)	-11%
Cash flow from financing activities				
Proceeds from borrowings	-	500	(500)	-100%
Payment of borrowings	(1,040)	(578)	462	80%
Others	(554)	(414)	140	34%
Net cash (used in) from financing activities	(1,595)	(493)	1,102	224%
Net increase in cash and cash equivalents	259	1,363	(1,104)	-81%
Cash and cash equivalents, beginning	13,694	10,214	3,480	34%
Effects of exchange rate changes in cash and cash equivalents	111	(18)	(128)	N/M
Cash and cash equivalents, ending	14,064	11,560	2,505	22%

Liquidity and Capital Resources

	March 31, 2024	December 31, 2023	Change (%)
Balance Sheet Data (in P millions)			
Total Assets	101,950	101,145	1%
Total Debt	34,177	35,244	-3%
Total Stockholders' Equity	47,814	45,245	6%
Financial Ratios			
Total Debt to EBITDA (gross)	1.5x	1.6x	
Total Debt to EBITDA (net)	0.9x	1.0x	
Debt Service Coverage	3.4x	3.6x	
Interest Coverage (gross)	10.9x	10.4x	
Debt to Equity (gross)	0.7x	0.8x	
Debt to Equity (net)	0.4x	0.5x	
Return on Invested Capital	17.4%	15.7%	



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