



June 13, 2024

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Gentlemen:

We reply to your letter dated today, June 13, 2024 (received thru EDGE Submission System at 9:22 a.m.) requiring us to clarify and/or confirm the information contained in the news article entitled “JV of Meralco unit, PhilTower faces ‘more in-depth’ PCC scrutiny” posted in BusinessWorld Online on June 12, 2024.

The article reported in part that:

“THE Philippine Competition Commission (PCC) on Tuesday said it has started a ‘more in-depth assessment’ of a proposed joint venture (JV) between independent tower companies Phil-Tower Consortium, Inc. (PhilTower) and Miescor Infrastructure Development Corp. (MIDC).

‘On May 4, the Commission directed the PCC Mergers and Acquisitions Office to open a Phase 2 review of the transaction due to limited information to fully assess the impact on competition after the Phase 1 review,’ the antitrust body said in a statement.

The Phase 2 review will encompass several critical areas, according to the PCC. It will validate the nationwide distribution of passive towers, essential for supporting wireless communication equipment leased by mobile network operators.

At the same time, it will examine regulatory monitoring processes and evaluate the duration and terms of contracts between independent tower companies and mobile network operators.



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The review will also assess the timeliness, sufficiency, and likelihood of competitors entering the tower leasing market. It also aims to verify whether the proposed transaction will result in conglomerate effects.

The antitrust body noted that it is empowered by The Philippine Competition Act of 2015, ensuring that such deals do not substantially lessen competition in the relevant markets and harm consumer welfare.

On Feb. 21, PTCL Holdings Pte. Ltd. (PTCL), Connect Infrastructure (Philippines) Pte. Limited (CIP), and Meralco Industrial Engineering Services Corp. (MIESCOR), a subsidiary of power company Manila Electric Co. (Meralco), formally informed the PCC of their intended partnership, the antitrust body said.

The transaction involves the establishment of a joint venture through the acquisition of shares in a newly formed entity named Pylon Holdings, Corp. (Pylon).

PTCL holds ownership of PhilTower via PTCL Assets Holdings, Inc., its domestic holding entity.

Similarly, CIP and MIESCOR jointly manage MIDC, an independent tower company registered with the Department of Information and Communications Technology that provides tower construction, site acquisition, site permitting and erection of towers, and tower management services to telecommunications companies.

The proposed arrangement aims to transfer complete ownership of both PhilTower and MIDC to Pylon.

'In their notification to the PCC, the parties emphasized the complementary nature of PhilTower and MIDC's businesses,' the agency said.

'By combining their geographic footprints and diverse capabilities, the new entity would be able to offer mobile network operators a broader network coverage of towers,' the PCC added.

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We confirm the information stated in the news article. Further, we would like to inform the Exchange that the transaction is awaiting approval from the Philippine Competition Commission and is subject to other customary closing conditions. Finally, the transaction should not have any material impact on Meralco's business and revenue streams.

Very truly yours,


WILLIAM S. PAMINTUAN
Senior Vice President
Assistant Corporate Secretary
and Information Disclosure Officer