

Converge secures top notch PRS Aaa rating for maiden bond offering

Leading fiber broadband operator Converge ICT Solutions Inc. (PSE: CNVRG) has been given the highest credit rating by domestic credit rating agency Philippine Ratings Services Corp. (PhilRatings) for its planned maiden bond issuance worth P5 billion, with an oversubscription option of up to P5 billion.

The Converge maiden bond offering has been granted a “PRS Aaa rating with stable outlook” due to the internet provider’s formidable position in the fixed broadband market following its spectacular growth in recent years and its strong cash flow that provided the company flexibility in its network rollout.

“Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor’s capacity to meet its financial commitment on the obligation is extremely strong.” said PhilRatings in their Rating News report. A stable outlook means the rating is likely to remain unchanged for the next twelve months.

According to Converge CEO Dennis Anthony Uy, the funds to be generated from the proposed bond issue would be used to support the capital expenditures of the company amid its massive expansion. Converge aims to cover 55% of Philippine households by 2023 as it already connected Visayas and Mindanao to its pure fiber national backbone earlier this year.

“We’re pleased that our prudent fiscal management, coupled with a strong operational performance, throughout the year has garnered us the highest credit grade from PhilRatings,” Mr. Uy said.

Converge President Maria Grace Uy added: “Gaining this seal of approval from Philratings signals that our debt papers pose minimal credit risk. Our strong liquidity and market position should give confidence to potential investors.”

In giving the rating, the credit rating agency took stock of the company’s performance and external developments in the ICT industry, particularly:

- Expansion of its subscriber base and its strong standing in the fixed broadband market
- Strong cash flow generation and adequate financial flexibility to support network expansion
- Highly conservative debt management
- The government’s push for the country’s improvement of information and communications technology landscape
- Increased demand for high-speed broadband services due to the COVID-19 pandemic

According to PhilRatings, while Converge is relatively small in terms of asset size, it has acquired a strong footing in the fixed broadband market. Based on the total fixed wired broadband

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PRESS RELEASE



subscribers of the three companies, Converge cornered 30% of the total as of end-September 2021.

In a disclosure to the Philippine Stock Exchange last week, Converge announced its intent to issue Philippine-peso denominated fixed-rate bonds in the Philippine Dealing and Exchange Corp., an initial tranche of P 5 billion, with an oversubscription option of another P 5 billion. The local bonds are expected to have a tenor of 5 years.

"We plan to use the proceeds from the planned bond issue to support our capital expenditures as we continuously grow and strengthen our pure fiber network," Converge said.

This will form part of the aggregate principal amount of P20 billion borrowing program of Converge, for which it has already filed for shelf registration to the Securities and Exchange Commission last Monday.

As part of the shelf registration program, securities can be registered for an offering that will be made continuously or in tranches within a period of three years.

You may refer to the Rating News report published by PhilRatings attached as Annex to this Press Release.

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About Converge ICT Solutions, Inc.

Converge Information and Communications Technology Solutions, Inc. (PSE:CNVRG) is the leading pure fiber data network and internet service provider in the country. It is the first to run a pure end-to-end fiber internet network, providing Filipinos simple, fast, and reliable internet connection. Converge is ISO 9001 and CE2.0 Certified.

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