

Converge Prices P10 billion maiden bond offering at tight end of the range

Leading fiber broadband operator Converge ICT Solutions Inc. (PSE: CNVRG) has received the Certificate of Permit to Offer Securities for Sale on March 28 from the Securities and Exchange Commission (SEC) for the issuance of the Company's first P10 billion peso-denominated fixed-rate bonds under its P20 billion shelf registration program.

In a disclosure, Converge said it has received the Certificate of Permit for its maiden bond offering amounting to P5 billion on the base tranche with an oversubscription option of up to P5 billion. The offer period is slated for March 28 to April 1, 2022.

The bonds have been priced at 50bps over Philippine 5 Year BVAL rates, at the tight end of the marketed 50-100bps range, resulting in a total of c. 5.59% for the bond offering.

"We are pleased to be able to tap the bond market to help fund the expansion of our digital infrastructure as we further widen our reach nationwide" said Grace Y. Uy, Converge President and Co-Founder.

The proceeds of the bond issue will be used for capital expenditures related to the expansion of its nationwide fiber network, including to new markets in Visayas and Mindanao.

The company appointed BDO Capital & Investment Corporation as Issue Manager and BDO Capital & Investment Corporation and BPI Capital Corporation as Joint Lead Underwriters.

The first tranche bonds received the top-notch issue credit rating of "PRS Aaa", with a Stable Outlook, from the Philippine Ratings Services Corporation.

Converge is expected to spend around P26-28 billion in total capital expenditures in 2022 for the completion of its terrestrial backbone and further expansion of its distribution network throughout the country.

In the recent 2021 full year performance briefing, Converge reported that it has maintained its industry-leading trifecta of 69.2% year-on-year revenue growth, 55.9% EBITDA margin, and 20.9% return on invested capital (ROIC).

The leading fiber internet provider also doubled its net income to P7.2 billion in 2021 from P3.4 billion the previous year, growing by 111% on the back of record number of port rollouts, continued strong expansion of its residential subscriber base, and recovery of the enterprise business.

As of end-2021, the Converge fiber backbone reached 103,000 kilometers, passing through 495 cities and municipalities across the country, with 1.7 million total residential subscribers.

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PRESS RELEASE



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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