

Globe Telecom (GLO PM)

Mobile leader and beyond

GLO still market leader in mobile; BUY

The final tally of subscribers post the deadline of the mandatory SIM registration ended with GLO in the lead, with 54m, followed by TEL, with 53m, then DITO, with 8m. This translates to GLO and TEL cornering 54% and 46%, respectively, of mobile industry revenues. As GLO's 1H23 earnings were within our expectations, we make no changes to our FY23/24 earnings forecasts. We roll forward our DCF-based valuation to mid-FY24 and lift our TP to PHP2,470 (+0.7%). Maintain BUY as upside remains attractive and as the growth prospects for GLO's non-core businesses (i.e. GCash, advertising (AdSpark), data centres, etc.) are intact.

Broadband weakness expected to persist

While mobile data revenues (54.1% of total), which rose by 5.3% YoY in 1H23 was not significantly impacted by the subscriber churn from non-registration, home broadband revenues (16.3% of total) continued to be weak, dropping by 7.1% YoY. Total broadband subscribers dropped by 30.6% YoY, as the decline in wireless broadband subscribers (-48.5% YoY) sharply outpaced the growth in the fixed line (+4.2% YoY). We expect this weakness to persist in FY23E given heightened competition in the space.

Strong enterprise, new data center on the way

GLO saw 11.3% YoY growth in enterprise revenues, driven by business app solutions (+45% YoY), cybersecurity services (+49% YoY) and big data (+37% YoY). Moving forward, we expect GLO's data center business to be a more significant income contributor as GLO and its partner STT work on raising total capacity to 124MW over c.3 years from only 22MW currently.

Sustained healthy profits from Mynt

GLO's PHP1b in equity gains from Mynt (GCash) in 1H23 now accounts for 5.3% of profit before tax. This translates to around PHP2.8b in profits, ahead of our PHP4.6b FY23E forecast. We, however, kept our equity income forecast unchanged as the higher income from GCash was offset by losses from GLO's healthcare and digital solutions investments.

FYE Dec (PHP m)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	167,747	175,041	178,169	185,236	191,492
EBITDA	74,922	79,092	78,871	82,860	85,340
Core net profit	23,653	20,022	19,527	20,700	20,660
Core EPS (PHP)	172.83	143.54	131.94	140.11	139.83
Core EPS growth (%)	28.1	(17.0)	(8.1)	6.2	(0.2)
Net DPS (PHP)	107.84	106.57	108.00	108.00	108.00
Core P/E (x)	19.2	15.2	13.6	12.8	12.9
P/BV (x)	8.5	4.2	3.0	2.9	2.9
Net dividend yield (%)	3.2	4.9	6.0	6.0	6.0
ROAE (%)	23.5	25.5	19.4	11.7	11.3
ROAA (%)	5.9	4.1	3.6	3.7	3.5
EV/EBITDA (x)	nm	nm	nm	nm	nm
Net gearing (%) (incl perps)	162.4	141.1	108.0	112.0	114.0
Consensus net profit	-	-	18,557	20,176	20,585
MIBG vs. Consensus (%)	-	-	5.2	2.6	0.4

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BUY

Share Price	PHP 1,799.00
12m Price Target	PHP 2,470.00 (+43%)
Previous Price Target	PHP 2,452.00

Company Description

Globe Telecom is an integrated telco operator with the largest wireless revenue market share in the Philippines.

Statistics

52w high/low (PHP)	2,478.00/1,700.00
3m avg turnover (USDm)	0.9
Free float (%)	21.6
Issued shares (m)	144
Market capitalisation	PHP258.5B USD4.6B

Major shareholders:

Singapore Telecommunications Ltd.	46.8%
Ayala Corp.	30.7%
Matthews International Capital Managemen	1.3%

Price Performance



— Globe Telecom - (LHS, PHP) — Globe Telecom / PSEI Philippine SE Index - (RHS, %)

	-1M	-3M	-12M
Absolute (%)	3	(1)	(22)
Relative to index (%)	0	3	(24)

Source: FactSet

Acronyms used

ARPU: Average revenue per user

SIM: Subscriber Identity Module

GTV: Gross transaction value

Other companies mentioned:

DITO: DITO CME Holdings Corp., CP: PHP3.65, Not rated
 STT: ST Telemedia Global Data Centre. Not listed

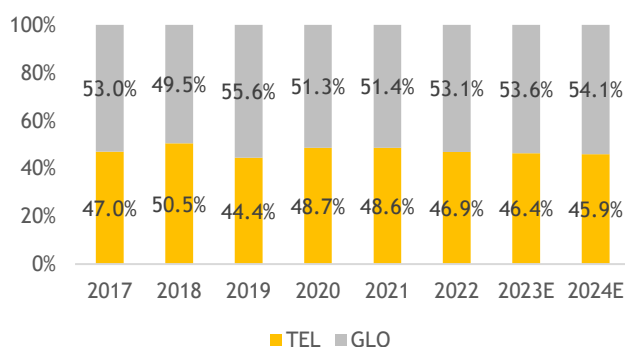
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Tear Sheet Insert

Value Proposition

- GLO leads in the wireless segment in terms of revenue. It has been the market leader since 2017.
- Data revenue continues to eat into traditional SMS and Voice business, as more clients shift to e-messaging.
- GLO is embarking on an ambitious network upgrade to improve performance and data experience, increase 5G and 4G/LTE coverage and fast-track fibre rollouts.
- GLO's aggressive growth in its other ventures resulted in 206% growth in other revenues in FY22. It recently partnered with Gogoro to enter the EV space.
- Mynt's GCash has over 76m subscribers in FY22 and ended 2022 with a GTV of c.PHP6t. GCash started reporting profits in 3Q21.

Wireless revenue market share of GLO and TEL

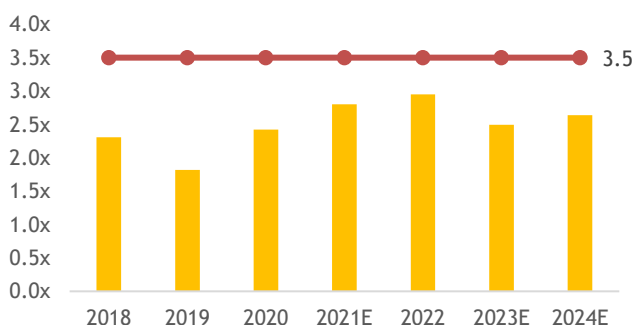


Source: Company

Financial Metrics

- Mobile data is seen to grow by 5% in FY23E, driven by better ARPUs. Home broadband growth to be challenged as the drop in wireless broadband subscribers outpaces growth in fixed-line subscribers.
- Capex already peaked at PHP101.4m in FY22E. Given low fibre port utilization levels and slower-than-expected take-up of 5G, management expects capex to drop by 30% in FY23E to USD1.3b (c.PHP72b).
- EBITDA margin at 50%-level to be sustained in FY23E.
- With GLO's gross debt to EBITDA and gross debt to equity well within its 3.5x and 1.2x loan covenants, respectively, there is room to support its payout commitments.

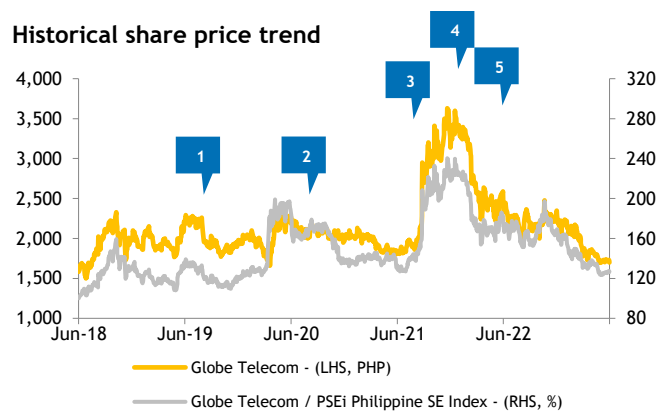
Debt comfortably within covenants (Gross debt-to-EBTIDA)



Source: Company, Maybank IBG Research

Price Drivers

Historical share price trend



Source: Company, Maybank IBG Research

- President calls out GLO and TEL to improve telco services during State of the Nation Address.
- GLO's GCash raises USD175m in fresh capital from Bow Wave.
- Mynt was able to raise another USD300m in capital from Warburg Pincus, Insight Partners and Bow Wave.
- GLO's FY21 briefing reveals higher-than-expected capex of PHP92.8b.
- GLO announces tower sale.

Swing Factors

Upside

- Any improvement in industry wireless data yields would be a potential significant earnings driver.
- Market share gains in the enterprise/fixed network space could provide long term growth upside.
- Lower-than-expected capex driving healthier free cash flow to raise dividend payout could drive a re-rating.
- Higher revenues/income from GCash (Mynt). Moreover, new capital raising by Mynt could raise its implied valuation.

Downside

- Faster-than-expected market share gain by the new telco player could lead to tariff cuts or higher marketing costs.
- Faster deterioration of voice and SMS revenues due to wireless data adoption is a risk to forecasts.
- Aggressive growth by TEL's fintech business, PayMaya, could eat into GCash's market share.

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Risk Rating & Score¹	25.5
Score Momentum²	+0.2
Last Updated	13 May 2023
Controversy Score³ (Updated: 29 May 2023)	2 (moderate)

Business Model & Industry Issues

- The telco industry’s main environmental concern is in its carbon and greenhouse gas (GHG) emissions. On the bright side, GLO has a net zero GHG target by 2050. Major S issues, meanwhile, relate to digital inclusion and data protection, and can be well-managed from an operational standpoint.
- Philippine telcos have been under intense government pressure to improve the speed and quality of its network, as internet speed and tower density has continued to lag regional peers.
- The Philippine telco sector is heavily regulated whereas telco companies are subject to a level of service quality as a public utility service provider that operates government-allocated frequencies. Frequencies in the Philippines are awarded through 25-year franchises and the renewal process is highly political.
- Overall, we see marginal ESG risk for GLO. Maintaining reliable internet connectivity, especially for work and schooling requirements is becoming an important S factor under current mobility restrictions.

Material E issues

- Globe’s corporate offices are Gold Standard Verified Emission Reduction certificated as proof of carbon-emission offset.
- In 2022, GLO has already shifted 24 of its high energy utilization sites, including its headquarters, to renewable energy. 18% of energy consumption is powered by renewable energy.
- GLO’s targets to reduce carbon emissions by 20% by 2030.
- Carbon emissions (Scope 1 & 2) dropped by 4.42% in 2022 to 486k tCO₂e.
- Single-used plastics banned at its Globe Tower HQ.
- To manage increase in fuel consumption, GLO deployed over 9k green solutions in 2022. 1.3k tons of hazardous waste was recycled.

Material S issues

- The company has 8,149 regular employees (55% males and 45% females).
- Capex of PHP101b or 64.2% of FY22 revenues dedicated towards network expansion and business as usual expenses.
- Globe’s network covers 93% of cities and municipalities.
- Globe has invested heavily in privacy and cybersecurity capabilities. The company sees increasing future investments in data privacy and increase in number of beneficiaries for programmes targeting awareness building on the responsible use of the internet.
- Usage of Globe’s GCash payment platform spiked during the pandemic, with GTV reaching over PHP6t in FY22. GCash users are at 76m as of FY22.

Key G metrics and issues

- Globe has 11 board members, composed of 3 independent directors (27%), the President & CEO is elected as the sole executive director (9%), while the rest are non-executive directors (64%).
- The audit & related-party transaction, compensation & remuneration, nomination & governance, and board risk oversight committees are chaired by an independent director.
- The board has two female directors. None of the independent directors serve in more than five boards of publicly listed companies (PLC), and none had a tenor of >10 years.
- The board members come from different ethnic backgrounds and nationalities, comprising the Philippines, Singapore and the US.
- In 2022, the CEO and the most highly compensated officers received PHP279m in salaries and bonuses in total (0.8% of earnings). All other officers as a group, received PHP3,991m (12.2% of earnings) in total.
- Navarro Amper & Co. has been the external auditor since 2015. The audit partner is rotated every five years or sooner.
- Related-party transactions entered at arm’s length agreements with the parent company and other jointly controlled entities totalled PHP1.6b in revenues (1.0% of revenues), which includes service revenues with Singtel totalling PHP561.5m.

¹**Risk Rating & Score** - derived by Sustainalytics and assesses the company’s exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company’s enterprise value, respectively, from ESG-driven financial impacts. ²**Score Momentum** - indicates changes to the company’s score since the last update - a **negative** integer indicates a company’s improving risk score; a **positive** integer indicates a deterioration. ³**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

Quantitative Parameters (Score: 29)							
	Particulars	Unit	2019	2020	2021	TEL	CNVRG
E	Scope 1	k tCO2e	39.3	38.8	49.8	43.4	4.9
	Scope 2	k tCO2e	435.1	424.8	522.9	607.3	7.2
	Total	k tCO2e	474.4	463.6	572.7	650.7	12.1
	Scope 3	k tCO2e	NA	NA	NA	1037.3	NA
	Total	k tCO2e	474.4	463.6	572.7	650.7	12.1
	Scope 1+2 emission intensity	tCO2e/PHP m rev	3.4	3.2	3.8	3.3	0.5
	Energy intensity	GJ/PHP m rev	14.6	13.9	17.3	18.4	5.63
	Green energy share of power usage	%	NA	NA	NA	NA	3.6%
	Water recycled as % of usage	%	NA	NA	6.6%	NA	NA
	% of recycled material used	%	NA	NA	NA	NA	4.0%
Green solutions at cell sites	number	NA	7,400	8,500	NA	NA	
S	% of women in workforce	%	47.0%	46.0%	45.2%	34.8%	26.0%
	% of women in management roles	%	NA	42.6%	47.0%	65.1%	NA
	Lost time injury frequency rate	%	NA	NA	NA	0.32	NA
	Employee turnover	%	NA	NA	11%	8%	24%
	% of subscribers impacted by data breaches	%	0%	0%	0%	0%	0%
G	CEO and top officers salary as % of net profit	%	NA	1.6%	1.0%	0.9%	3.1%
	All other officers salary as % of profit	%	NA	18.9%	14.6%	4.2%	0.7%
	Independent director tenure <10 years	%	27.3%	27.3%	27.3%	100%	100%
	Women directors on board	%	9%	9.1%	9.1%	23%	14%

Qualitative Parameters (Score: 67)	
a) is there an ESG policy in place and whether there is a standalone ESG Committee or is it part of Risk committee?	<i>GLO has its own Chief Sustainability Officer, Ms. Maria Yolanda Crisanto who has direct oversight on the company's ESG commitments, policies, strategies, targets, programs and disclosures. Her team oversees the integration of ESG in the company's business operations.</i>
b) is the senior management salary linked to fulfilling ESG targets?	<i>No</i>
c) Does the company follow TCFD framework for ESG reporting?	<i>Yes</i>
d) Does the company have a mechanism to capture Scope 3 emissions - which parameters are captured?	<i>Not yet, but GLO is establishing a baseline for the 15 categories under Scope 3 emissions and develop a strategy to involve its supply chain in reducing carbon emissions.</i>
e) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?	<i>To reduce Scope 1 and 2 emissions, GLO has deployed over 1,100 green solutions and shifted 13 of its high energy utilization sites to renewable energy such as its headquarters and several other corporate offices and data centers. GLO also has a rainwater collection and recycling system which collects rain and waste water from aircon condensate then treats these before returning these to the building's water supply</i>
f) Does carbon offset form part of the net zero/carbon neutrality target of the company?	<i>Yes, the company will use nature based solutions to offset emissions.</i>

Target (Score: 100)			
Particulars		Target	Achieved
Reduce carbon emissions by 50% by 2030		-50%	NA
Net Zero GHG emissions by 2050		Zero	NA
30% female directors by 2025		30%	9%
Impact			
NA			
Overall Score: 56			
As per our ESG matrix, Globe Telecom, Inc. (GLO PM) has an overall score of 56.			

ESG score	Weights	Scores	Final Score
Quantitative	50%	29	15
Qualitative	25%	57	33
Target	25%	100	50
Total			56

GLO has an established framework, internal policies, tangible targets, and is one of the few companies who are already TCFD compliant. Improvement can be made, though, on their disclosure of quantifiable "E" metrics and diversity hire. The measurement of Scope 3 emissions is in the works and could potentially be released in the 2022 integrated report.

1. 1H23 results in line with our estimates

GLO posted 2Q23 core income of PHP4.8b, down by 18% YoY (-5.0% QoQ), bringing 1H23 core income down by 9.8% to PHP9.9b. Our core net income forecast of PHP21.6b excludes only the gain on sale of towers, whereas GLO also adjusts for forex and derivative gains/losses. For better comparison, we also exclude these accounts, which now puts GLO's PHP9.9b core income in line with our PHP19.6b FY23 forecast at 51%.

Fig 1: 1H23 earnings vs estimates

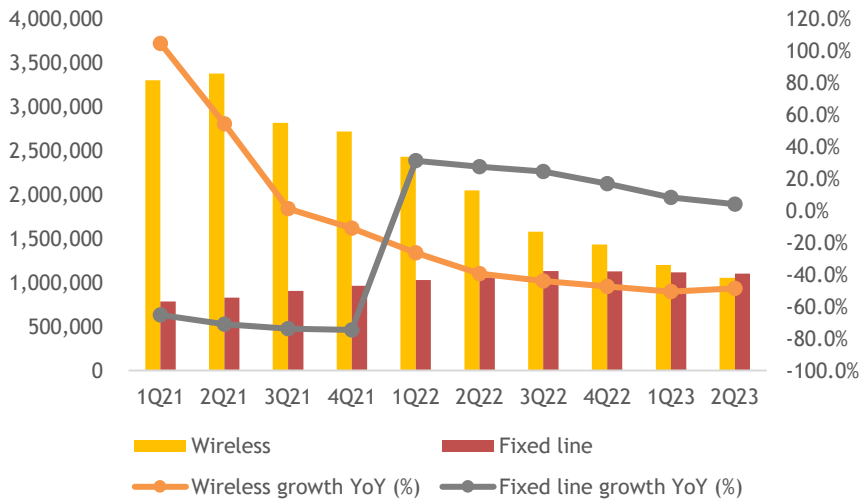
PHP m	2Q23	2Q22	% YoY	1Q23	% QoQ	1H23	1H22	% YoY	MIBG FY23E	% of FY23E
Revenue	44,494.0	43,765.0	1.7%	45,030.3	(1.2%)	89,524.3	87,321.9	2.5%	178,542.6	50.1%
Service revenues	40,419.3	39,725.0	1.7%	39,981.7	1.1%	80,401.0	78,880.1	1.9%	161,414.3	49.8%
Non-service revenues	4,074.7	4,040.0	0.9%	5,048.6	(19.3%)	9,123.3	8,441.8	8.1%	17,128.3	53.3%
Cost of sales	(4,199.2)	(4,418.0)	(5.0%)	(5,353.2)	(21.6%)	(9,552.4)	(9,153.2)	4.4%	(17,854.3)	53.5%
Gross income	40,294.8	39,347.0	2.4%	39,677.1	1.6%	79,971.9	78,168.7	2.3%	160,688.3	49.8%
Gross profit margin	90.6%	89.9%		88.1%		89.3%	89.5%		90.0%	99.3%
Operating expenses	(35,142.6)	(32,495.7)	8.1%	(33,292.6)	5.6%	(68,435.2)	(65,560.1)	4.4%	(139,287.6)	49.1%
Other operating inc/exp	4,114.1	945.4	335.2%	3,383.9	21.6%	7,498.0	12,114.9	(38.1%)	21,881.5	34.3%
Income from operations	9,266.3	7,796.6	18.8%	9,768.4	(5.1%)	19,034.7	24,723.4	(23.0%)	43,282.3	44.0%
Provision for income tax	(2,163.4)	(1,777.3)	21.7%	(2,496.0)	(13.3%)	(4,659.4)	(5,042.1)	(7.6%)	(10,387.7)	44.9%
Net income	7,102.9	6,019.3	18.0%	7,272.3	(2.3%)	14,375.2	19,681.4	(27.0%)	32,894.5	43.7%
Net income margin	-20.2%	-18.5%		16.1%		16.1%	22.5%		111.8%	14.4%
Minority Interest	(29.4)	(12.9)	128.0%	(18.7)	56.9%	(48.2)	(29.8)	61.4%	(77.6)	62.1%
Net income to common shareholders	7,073.5	6,006.4	17.8%	7,253.6	(2.5%)	14,327.1	19,651.5	(27.1%)	32,815.5	43.7%
Core income (exc. tower gains)	4,844.7	5,911.0	(18.0%)	5,100.0	(5.0%)	9,944.7	11,021.0	(9.8%)	21,596.9	
Core income (exc. forex and others)	4,844.7	5,911.0	(18.0%)	5,100.0	(5.0%)	9,944.7	11,021.0	(9.8%)	19,588.2	50.8%
EBITDA	19,965.0	20,865.4	(4.3%)	20,528.1	(2.7%)	40,493.1	40,545.7	(0.1%)	79,040.9	51.2%
EBITDA margin	49.4%	52.5%		51.3%		50.4%	51.4%		49.0%	

Source: Company, Maybank IBG Research

- **EBITDA** in 1H23 is flat YoY at PHP40.5b, in line at 51.2% of our forecast. EBITDA margin stood at 50.4%.
- **Service revenues** are up 1.9% YoY, driven by mobile data growth at 5% YoY, but tempered by voice (-13% YoY) and SMS (-10% YoY), home broadband (-7% YoY). Total SIMs registered stood at 54m, which GLO estimates is c.99% of revenue generating subscribers.
- **Total broadband subscribers** dropped 31% YoY, as the 49% decline in wireless broadband outpaced the 4% YoY growth in fixed line. QoQ, wireless and fixed broadband saw net declines of 145.2k and 12.6k, respectively.
- **Corporate data** stood at PHP9.1b, up by 11% YoY, spurred by ICT services which grew by 36% YoY.
- **Non-telco revenues** soared by 47% YoY to PHP2.8b, driven by ECPay, Adspark, and Asticom.
- **Opex** grew by 4.4% YoY, driven by repairs & maintenance, administrative expenses, services and depreciation but cushioned by lower marketing & subsidy, staff cost, lease and provisions.
- **GLO's equity earnings in Mynt** in 1H23 reached PHP1b, translating to around PHP2.8b in profits.
- **Capex** reached PHP37.7b, in line with GLO's capex guidance at USD1.3b (c.PHP71b).

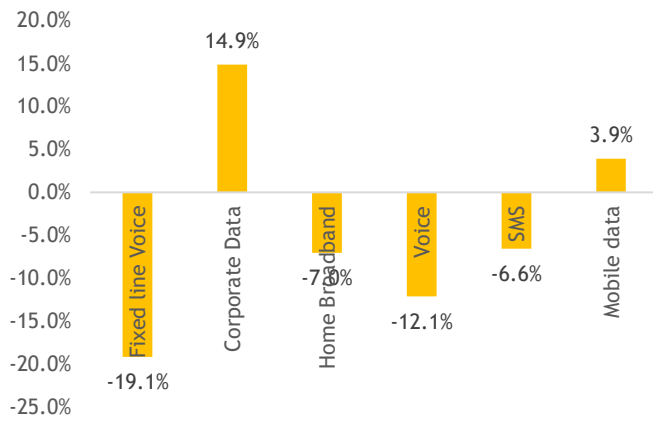
- **Gross debt-to-equity** stood at 1.57x (max 3.1x) while gross-debt-to-EBTIDA stood at 2.64x (max 3.5x); net debt-to-equity is at 1.41x while net debt-to-EBITDA is at 2.38x. DSCR was at 3.96x (min 1.3x).

Fig 2: Broadband subscribers



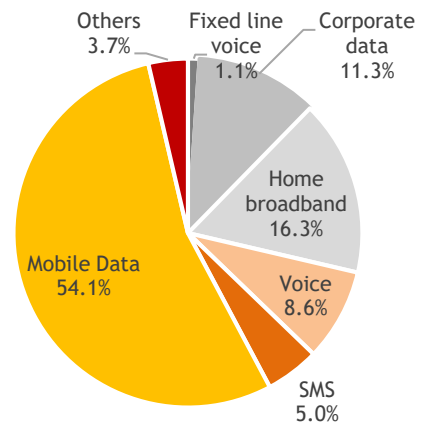
Source: Company

Fig 3: Segment revenue growth YoY in 1H23



Source: Company

Fig 4: Segment revenue breakdown as of 1H23



Source: Company

2. New target price of PHP2,470

As GLO's 1H23 earnings were within our expectations, we make no changes to our FY23/24 earnings forecasts. We, however, adjusted our mobile subscriber count forecast to reflect the churn from the non-registration of SIMs. Our DCF-based TP is slightly up by 0.7% to PHP2,470 after rolling forward our valuation base to mid-2024.

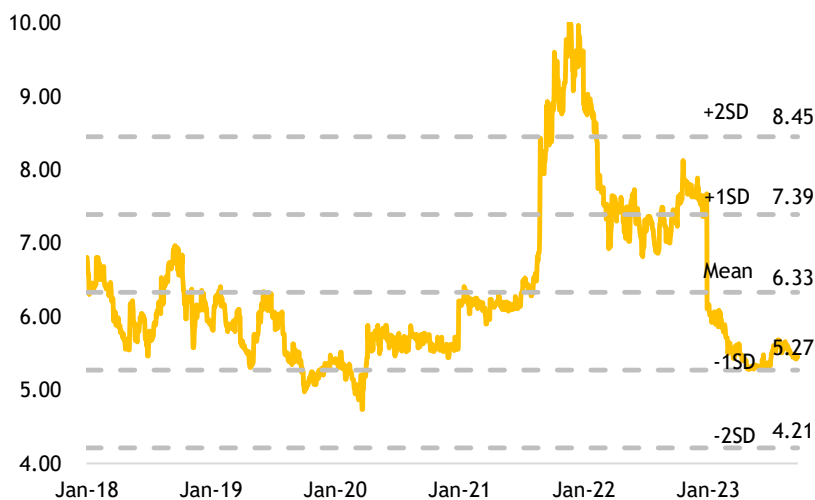
Maintain BUY given still attractive upside plus exciting growth prospects for GLO's non-core businesses (i.e. GCash, KonsultaMD, data centres, etc.). Dividend yield of 6% also remains to be attractive.

Fig 5: Target price computation (PHPm)

	Old TP	New TP	% Change
Enterprise value	500,938.0	508,656.7	1.5%
Mynt	53,250.0	53,250.0	0.0%
Net Debt	(201,871.5)	(207,035.1)	2.6%
Equity Value	352,316.5	354,871.6	0.7%
# of shares (in millions)	143.7	143.7	0.0%
Equity Value per Share	2,452.0	2,470.0	0.7%

Source: Maybank IBG Research

Fig 6: GLO 5-yr EV/EBITDA



Source: Bloomberg

Fig 7: Peer comparison

Stock	Mkt cap (USDm)	Rating	Price	TP	Upside (%)	P/E (x)		P/B (x)		Div yld (%)	
						23E	24E	23E	24E	23E	24E
TEL	4,671	Buy	1,226.0	1,978.0	69.0%	8.0	7.6	2.1	1.9	8.5	7.7
GLO	4,558	Buy	1,799.0	2,470.0	43.3%	13.6	12.8	3.0	2.9	6.0	6.0
CNVRG	1,279	Buy	10.0	14.3	46.3%	8.5	7.5	1.6	1.4	0.0	3.0

Source: FactSet, Maybank IBG Research

FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
Key Metrics					
P/E (reported) (x)	13.7	9.6	8.0	12.1	12.2
Core P/E (x)	19.2	15.2	13.6	12.8	12.9
P/BV (x)	8.5	4.2	3.0	2.9	2.9
P/NTA (x)	nm	nm	nm	nm	nm
Net dividend yield (%)	3.2	4.9	6.0	6.0	6.0
FCF yield (%)	nm	nm	4.0	4.8	6.5
EV/EBITDA (x)	nm	nm	nm	nm	nm
EV/EBIT (x)	nm	nm	nm	nm	nm
INCOME STATEMENT (PHP m)					
Revenue	167,747.2	175,040.7	178,168.8	185,235.7	191,492.0
EBITDA	74,921.9	79,092.0	78,871.2	82,859.7	85,340.2
Depreciation	(41,133.0)	(45,653.3)	(48,158.5)	(51,352.8)	(53,515.9)
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	36,749.5	52,768.4	50,569.1	35,445.3	35,859.2
Net interest income / (exp)	(8,591.3)	(9,751.2)	(9,458.4)	(8,991.1)	(9,889.6)
Associates & JV	881.5	1,083.2	1,909.1	2,293.6	2,725.5
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	29,039.8	44,100.5	43,019.8	28,747.9	28,695.1
Income tax	(5,315.9)	(9,496.4)	(10,324.8)	(6,899.5)	(6,886.8)
Minorities	(71.0)	(41.0)	(78.5)	(52.5)	(52.4)
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	23,652.8	34,563.0	32,616.6	21,795.9	21,755.9
Core net profit	23,652.8	20,022.2	19,527.1	20,700.1	20,660.1
Preferred Dividends	570.1	570.0	570.0	570.0	570.0
BALANCE SHEET (PHP m)					
Cash & Short Term Investments	24,239.2	18,033.8	3,402.4	11,452.8	22,621.0
Accounts receivable	16,696.5	23,563.4	23,984.5	24,935.8	25,778.0
Inventory	4,045.0	3,881.7	3,563.4	3,704.7	3,829.8
Property, Plant & Equip (net)	270,747.1	281,899.1	306,789.7	320,269.5	333,775.8
Intangible assets	20,761.4	25,082.6	25,582.6	26,082.6	26,582.6
Investment in Associates & JVs	42,569.2	52,138.0	54,547.1	57,340.8	60,566.2
Other assets	79,401.3	123,130.0	127,247.4	133,496.0	137,861.9
Total assets	458,459.8	527,728.5	545,117.1	577,282.2	611,015.3
ST interest bearing debt	16,018.5	46,172.0	46,389.5	18,327.2	18,648.0
Accounts payable	84,576.2	88,380.8	83,960.8	85,094.8	87,977.8
LT interest bearing debt	194,035.1	187,032.6	150,425.6	200,160.6	221,191.9
Other liabilities	49,434.0	81,559.0	85,200.0	88,797.0	92,574.0
Total Liabilities	344,064.0	403,144.6	365,976.1	392,379.8	420,391.6
Shareholders Equity	114,102.2	152,190.3	178,720.0	184,428.9	190,097.9
Minority Interest	293.7	342.5	421.0	473.5	525.9
Total shareholder equity	114,395.9	152,532.9	179,141.0	184,902.4	190,623.8
Total liabilities and equity	458,459.8	555,677.4	545,117.1	577,282.2	611,015.3
CASH FLOW (PHP m)					
Pretax profit	29,039.8	44,100.5	43,019.8	28,747.9	28,695.1
Depreciation & amortisation	41,133.0	45,653.3	48,158.5	51,352.8	53,515.9
Adj net interest (income)/exp	8,591.3	9,751.2	9,458.4	8,991.1	9,889.6
Change in working capital	(10,061.2)	(14,652.4)	(4,999.1)	(2,610.4)	1,326.6
Cash taxes paid	(5,730.5)	(7,674.3)	(10,324.8)	(6,899.5)	(6,886.8)
Other operating cash flow	2,168.2	(14,299.1)	(127.5)	(441.3)	(810.6)
Cash flow from operations	65,140.5	62,879.1	85,185.5	79,140.6	85,729.8
Capex	(92,750.7)	(97,983.0)	(74,830.9)	(66,684.9)	(68,937.1)
Free cash flow	(27,610.2)	(35,103.9)	10,354.6	12,455.7	16,792.7
Dividends paid	(14,425.8)	(14,442.1)	(15,516.9)	(15,516.9)	(15,516.9)
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	42,359.3	17,911.0	(36,389.5)	21,672.8	21,352.0
Other invest/financing cash flow	5,966.4	34,734.2	27,920.5	(9,561.1)	(10,459.6)
Effect of exch rate changes	90.9	287.6	0.0	0.0	0.0
Net cash flow	4,731.1	(6,205.4)	(14,631.4)	8,050.4	11,168.1

FYE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
Key Ratios					
Growth ratios (%)					
Revenue growth	4.5	4.3	1.8	4.0	3.4
EBITDA growth	10.2	5.6	(0.3)	5.1	3.0
EBIT growth	0.9	43.6	(4.2)	(29.9)	1.2
Pretax growth	7.0	51.9	(2.5)	(33.2)	(0.2)
Reported net profit growth	27.3	46.1	(5.6)	(33.2)	(0.2)
Core net profit growth	27.3	(15.3)	(2.5)	6.0	(0.2)
Profitability ratios (%)					
EBITDA margin	44.7	45.2	44.3	44.7	44.6
EBIT margin	21.9	30.1	28.4	19.1	18.7
Pretax profit margin	17.3	25.2	24.1	15.5	15.0
Payout ratio	62.2	42.4	48.3	72.9	73.1
DuPont analysis					
Net profit margin (%)	14.1	19.7	18.3	11.8	11.4
Revenue/Assets (x)	0.4	0.3	0.3	0.3	0.3
Assets/Equity (x)	4.0	3.5	3.1	3.1	3.2
ROAE (%)	23.5	25.5	19.4	11.7	11.3
ROAA (%)	5.9	4.1	3.6	3.7	3.5
Liquidity & Efficiency					
Cash conversion cycle	nm	nm	nm	nm	nm
Days receivable outstanding	39.5	41.4	48.0	47.5	47.7
Days inventory outstanding	99.9	76.1	75.2	70.6	70.8
Days payables outstanding	nm	nm	nm	nm	nm
Dividend cover (x)	1.6	2.4	2.1	1.4	1.4
Current ratio (x)	0.6	0.5	0.4	0.5	0.6
Leverage & Expense Analysis					
Asset/Liability (x)	1.3	1.3	1.5	1.5	1.5
Net gearing (%) (incl perps)	162.4	141.1	108.0	112.0	114.0
Net gearing (%) (excl. perps)	162.4	141.1	108.0	112.0	114.0
Net interest cover (x)	4.3	5.4	5.3	3.9	3.6
Debt/EBITDA (x)	2.8	2.9	2.5	2.6	2.8
Capex/revenue (%)	55.3	56.0	42.0	36.0	36.0
Net debt/ (net cash)	185,814.4	215,170.9	193,412.7	207,035.1	217,218.9

Source: Company; Maybank IBG Research

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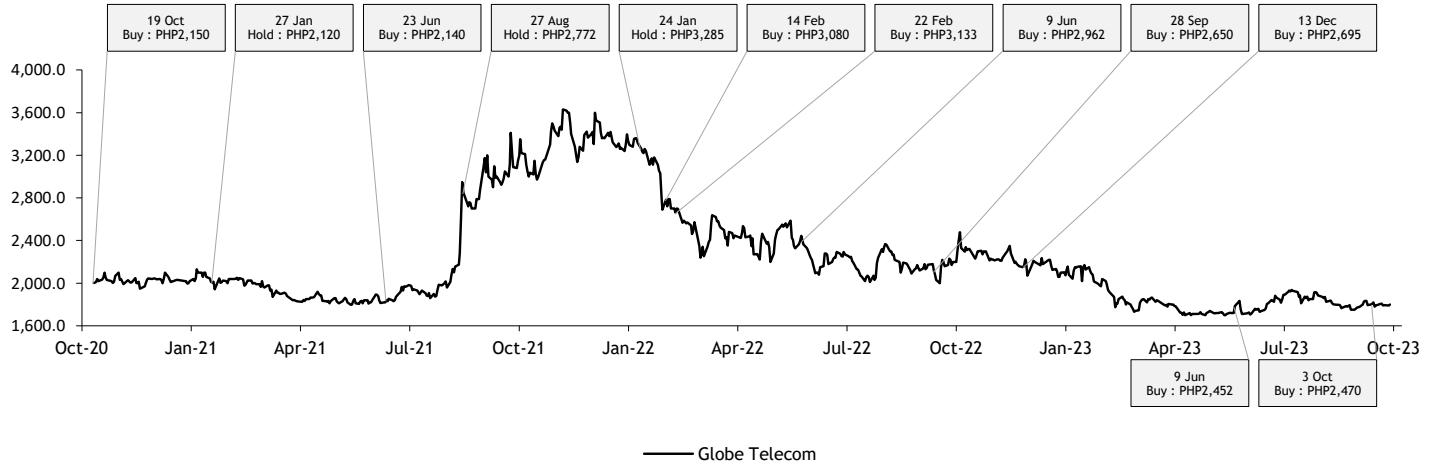
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- SELL** Return is expected to be below 0% in the next 12 months (including dividends)

Applicability of Ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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