



FIRST PACIFIC COMPANY LIMITED
第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)

Press Release

PLDT & Globe to Acquire Telecommunications Business of San Miguel

Hong Kong, Monday 30th May 2016 -- First Pacific Company Limited ("First Pacific" or "the Company") today announces that its associate Philippine Long Distance Telephone Company ("PLDT") has agreed to purchase 50% of the equity interest of the telecommunications business of San Miguel Corporation ("SMC") with Globe Telecom, Inc. ("Globe") acquiring the remaining 50% equity interest.

The total acquisition cost is ₱70.0 billion (US\$1.5 billion) which includes ₱52.8 billion (US\$1.1 billion) equity and ₱17.2 billion (US\$368 million) of total liabilities assumed. PLDT's share of the total consideration amounts to ₱26.4 billion (US\$568 million) equity and ₱8.6 billion (US\$185 million) in assumed debt.

Following the transaction, customers will progressively benefit from higher call quality and faster internet access across the fixed and mobile networks of PLDT, SMART and Sun, PLDT's leading mobile phone brands. Capacity and coverage, both indoor and outdoor, will be expanded and enhanced at continuing affordable prices. Stronger networks and connectivity are key enablers for individual and enterprise sector productivity and cost efficiency.

"With improved spectrum distribution we expect to see rapid improvement of telecommunications services for all mobile customers in the Philippines and greater cost efficiencies for PLDT," said Manuel V. Pangilinan, Managing Director and Chief Executive Officer at First Pacific. "We believe this transaction is a win for all parties involved."

The equity purchase price portion of the total consideration will be paid in three tranches: (i) a first payment of 50% upon signing of the sale and purchase agreement; (ii) a second payment of 25% in December 2016; and (iii) a third payment of 25% in May 2017.

The more efficient asset utilization arising from this transaction will accelerate PLDT's drive to expand its network and extend services to a larger number of customers in more areas of the country. In particular, SMART will be able to improve services to regional and rural areas of the Philippines by deploying the 700MHz spectrum frequencies currently owned by SMC. This will help create more opportunities to utilize digital technologies to promote rural development. The acquisition will also help the National Telecommunications Commission and the Philippine Government provide improved utilization of available radio frequency spectrum for mobile services to the benefit of all consumers.

