

2011 Annual Stockholders' Meeting PLDT: Changing the Game

PLDT stockholders overwhelmingly approved the issuance of new PLDT shares that will be used to purchase the controlling interest of JG Summit in Digital Telecommunications Inc. (Digitel) during the 2011 annual shareholders meeting held at the Dusit Hotel on June 14. A necessary step for the conclusion for the transaction, the issuance of new PLDT shares was approved by shareholders owning 80.2% of the company's voting stock.

The investment in Digitel is part of PLDT's game-changing strategy to maintain undisputed leadership in the face of massive changes in the telecommunications industry. The other component of this two-pronged strategy is to pursue convergence more extensively within the PLDT Group.

"The forces of change in the industry have already started to disrupt legacy business models, and reshape our business," said PLDT chairman Manuel V. Pangilinan.

"Point-to-point conversations are morphing into multiple points, evolving from voice and texting to data and internet. To return PLDT in the path of growth, we cannot be doing more of the same. Nor is doing nothing an option. We need to change the game," he said.

According to Pangilinan, PLDT's investment in Digitel will accelerate the company's rollout of new mobile technologies such as 4G or Long-term evolution (LTE). Digitel's fixed line subscribers will also benefit from PLDT's nationwide digital fiber optic network, international cable and satellite facilities.

Smart, alongside Sun Cellular, will be in a position to advance and accelerate its "internet for all" advocacy, making mobile broadband widely available and more affordable to Filipinos nationwide, he added.

Pangilinan also emphasized that the combination of PLDT and Digitel "will enhance consumer welfare, benefit the market through improved affordability and higher level of service quality and coverage," while keeping the Digitel as a separate entity which will enhance the "unlimited" offerings of the company.

PLDT President and CEO Napoleon L. Nazareno reported the Company's core net income reached P42 billion in 2010, an increase of 2% from 2009 despite a decline in consolidated service revenues by 2% due to lower yields despite higher volumes in SMS and Voice traffic.

Nazareno said that the new phase of convergence will be driven by a "single-minded focus on serving our customers by offering compelling, high-quality products and services at attractive price points." As a first step in this direction, a new business unit within the PLDT Group has been set up to focus on serving the home market.

Convergence efforts will be supported by a massive modernization program of PLDT's fixed and mobile networks. In the next two years, the Company has committed P67 billion to expand and upgrade the core, access and backroom support elements of our networks. This program will enable the Group to offer a more diversified and flexible portfolio of services, featuring richer content and service applications.