



Cebu Air, Inc.
Cebu Pacific Building
Domestic Road
Pasay City 1301, Philippines
cebupacificair.com

5 March 2021

THE PHILIPPINE STOCK EXCHANGE, INC.

6th Floor PSE Tower
5th Avenue corner 28th Street, Bonifacio Global City
Taguig City, Philippines

Attention: **Ms. Janet Encarnacion**
Head, Disclosure Department

Re: **Press Release – Cebu Air, Inc. signs PHP16.0 billion ten-year term loan with domestic banks**

Ladies and Gentlemen:

Please be informed that Cebu Air, Inc. (the “Company”) is releasing to the press the attached statement regarding the Company’s PHP16 billion syndicated loan facility.

Thank you.

Respectfully,

Anne Romadine P. Tieng
Vice President – Legal Affairs



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Press Release

Cebu Pacific signs PHP16.0 billion ten-year term loan with domestic banks

05 March 2021 – Cebu Air, Inc. (“CEB” or “Cebu Pacific”) signed a Php16 billion ten-year term loan facility today with a syndicate of domestic banks.

This syndicated loan facility is a landmark deal that exhibits the strong partnership between government financial institutions and private domestic banks to support Cebu Pacific who along with the entire airline industry have been severely impacted by the COVID pandemic. This term loan facility which was equally participated in by government financial institutions and leading private sector domestic banks, further represents the confidence of these institutions in the recovery of the Philippine economy and the belief that Cebu Pacific will continue to play a leading and vital role in this economic recovery.

Coinciding with the Philippine COVID vaccination program launched earlier this week which will be a key factor in restoring passenger confidence to return to flying, Development Bank of the Philippines (“DBP”) and Land Bank of the Philippines (“LBP”) joined hands with Asia United Bank Corporation (“AUB”), Bank of the Philippine Islands (“BPI”), Metropolitan Bank & Trust Company (“MBTC”) and Union Bank of the Philippines (“UBP”) as lenders in the facility.

CEB President and CEO Lance Gokongwei said, “We at JG Summit and Cebu Pacific are grateful for the confidence of the Philippine banking community, given the participation by both the government owned financial institutions and the private sector commercial banks in this landmark syndicated loan facility. Cebu Pacific remains focused on its business transformation to reduce its unit cost so as to continue to offer affordable flights and remain as our country’s airline for every Juan.”

DBP President and CEO Emmanuel Herbosa said, “We view this facility as a collective effort between the government and the private sector in assisting a strategic industry that plays a pivotal role in our country’s economic recovery from this pandemic. As the country’s infrastructure bank, DBP remains at the forefront of supporting the transport and logistics sector which ensures essential movement of people, goods and services across our archipelago.”

LBP President and CEO Cecilia Borromeo said, “LANDBANK fully supports the recovery of the aviation industry in the new normal. This forms part of our continuing commitment to respond to the financial requirements of key sectors and contribute to revitalizing our local economy.”

BPI President and CEO Cezar Consing said, “The transaction serves as a good example of the banks’ preparedness to assist leading and strong institutions heavily impacted by the pandemic. We understand how vital the survival of the airline is to our economy.”

Cebu Pacific was in a unique situation among its airline peers in that it entered into the COVID pandemic with a historically strong ability to generate free cash flow. It achieved a strong liquidity position as of 31 December 2019, and it ended 2019 with a conservative net debt-to-equity ratio of 1.26x. While it sustained severe revenue decline and losses due to the COVID-19 pandemic, its net debt-to-equity ratio was still at a strong 2.34x as of 30 September 2020. The strong balance sheet and liquidity, with which the company entered 2020, has supported it in this challenging environment.

Last month, CEB set the final terms of its PHP12.5 billion convertible preferred share stock rights offering (the “Offer”) in which its principal shareholder, CPAir Holdings, Inc. (a JG Summit company) expressed its full support by undertaking to subscribe its pro-rata share and any remaining unsubscribed rights in the Offer. The syndicated loan facility, together with the Offer, will further strengthen CEB’s balance sheet and liquidity position and is a prime example on how the government, private sector and sponsor can work together in contributing to a resurgent Philippines.



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CEB will use the proceeds of the loan to fund its capital expenditures and other general corporate purposes. The loan will also provide a cushion against unexpected working capital requirements that may stem from fuel price and foreign exchange rate volatility.

BPI Capital Corporation acted as the Mandated Lead Arranger and Bookrunner for this transaction. In addition, DBP & LBP acted as Mandated Lead Arrangers, AUB as Lead Arranger and MBTC & UBP as Arrangers for the syndicated loan facility. AUB – Trust and Investments Group was appointed as the Facility Agent.

About CEB

Cebu Air, Inc. is an airline that operates under the trade name “Cebu Pacific Air” or “Cebu Pacific” and is the Philippines’ leading airline and one of the fastest growing low-cost carriers (“LCCs”) in the world. It pioneered the “low fare, great value” strategy in the local aviation industry by providing scheduled air travel services targeted to passengers who are willing to forego extras for fares that are typically lower than those offered by traditional full-service airlines while offering reliable services and providing passengers with a fun travel experience.

CEB leads the domestic market on all important metrics – most passengers, most seats, highest seat load factor, most destinations, routes and daily flights. Based on CAB data, the Company’s domestic market share is 51.12%. It is also the second largest airline in the Philippines in terms of international passenger volume with a market share of 14.51% according to CAB data for FY 2020.

