Company Report June 08, 2026

Converge ICT Solutions, Inc.

Stock Recommendation			
Stock	Entry Price	Target Price	Potential Upside
CNVRG	10.25	17.55	71.22%



Current macroeconomic environment poses challenges to CNVRG's financial performance. Still, network expansion strengthens the company's long-term prospects.

Projections

CNVRG's revenues are projected to grow 8.8% this year, supported by the company's network expansion. Demand for CNVRG's services would be tempered however as inflation slows down consumer spending growth causing topline growth to be slower than 2025's 10.1% and the 5-year compounded annual growth rate (CAGR) of 23.4%.

	2025A	2026F	2027F	2028F	2029F	2023F
Revenue	44,705,422,000	48,636,467,730	54,752,736,157	61,508,652,048	68,983,429,997	77,022,041,803
% Growth	10.1%	8.8%	12.6%	12.3%	12.2%	11.7%
EBIT	17,708,241,000	18,616,645,103	21,390,216,700	23,979,151,248	26,749,261,811	29,994,513,993
% of Revenue	39.6%	38.3%	39.1%	39.0%	38.8%	38.9%
Pre-tax Income	16,164,623,000	16,828,042,357	18,891,504,449	21,334,578,132	23,992,330,999	26,914,601,589
% Growth	13.1%	4.1%	12.3%	12.9%	12.5%	12.2%
Net Income to Common Stockholders	12,237,100,000	12,701,605,539	14,285,350,540	16,128,915,035	18,129,928,085	20,345,935,787
% Growth	13.2%	3.8%	12.5%	12.9%	12.4%	12.2%
Common Outstanding Shares	7,241,380,061	7,241,380,061	7,241,380,061	7,241,380,061	7,241,380,061	7,241,380,061
Earnings Per Share	1.63	1.75	1.97	2.23	2.50	2.81
Average PE Ratio (Last 4 Years)						9.95
Forward EPS						1.75
Dividend Per Share						0.49
Discount Rate						15.06%
Target Price						17.55

Residential revenues are projected to grow 7.0% while enterprise revenues are projected to grow 17.8%. Operating income is projected to grow 5.1%, slower than the prior year's 10.9% and the 5-year CAGR of 26.7%. Operating margins are projected to fall from 2025's 39.6% to 38.3% due to rising costs of inputs primarily energy costs.

With revenue growth and operating efficiency both pressured, CNVRG's bottomline is projected to grow 3.8% this year, slower than last year's 13.2% and the 5-year CAGR of 29.3%.

Investment Narrative

CNVRG continues to expand its network coverage. As of Q1 2026, residential subscribers have reached 3.09 million, up 3.5% compared to end-2025 and 14.4% y/y. For the full year 2026, the company remains firm in its commitment to further expand its fiber footprint. It is allocating P18 billion to P23 billion for its capital expenditures, to be used mainly for the installation of 900,000 additional ports in Visayas and Mindanao, and for improving network reliability.

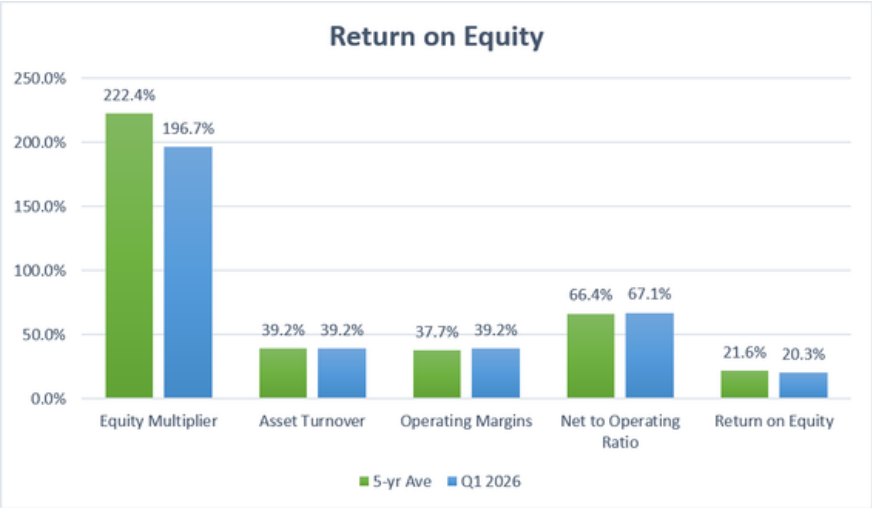
Q1 Performance

In Pesos	Q1 2025	Q1 2026	% chg
Revenue	10,796,236,000	11,192,141,000	3.67%
Operating Income	4,423,611,000	4,421,582,000	-0.05%
Net Income	3,018,753,000	3,042,988,000	0.80%

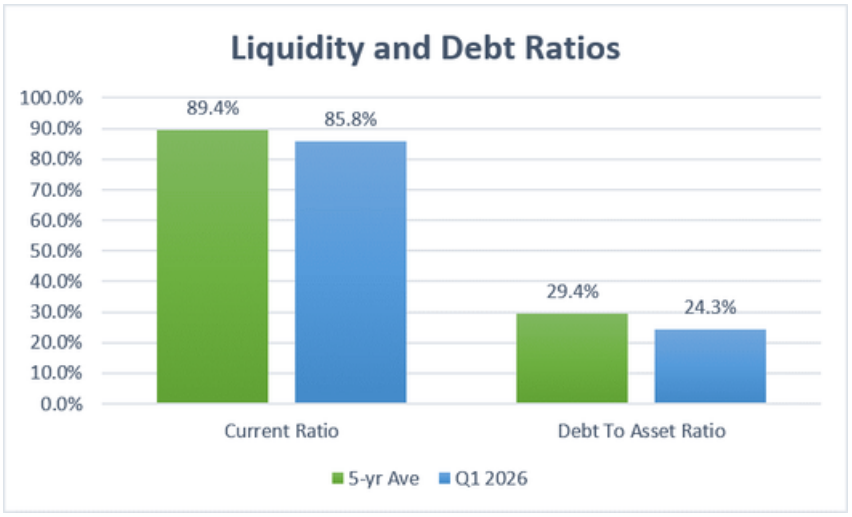
Both residential and enterprise segments experienced a revenue growth slowdown, the former from Q1 2025's 11.5% to Q1 2026's 1.4% and the latter from 22.9% to 16.1%. This led to the overall slowdown of topline growth from 13.2% to 3.7%.

Meanwhile, operating efficiency declined from Q1 2025's 41.0x to Q1 2026's 39.5x mainly due to general and administrative expenses and depreciation.

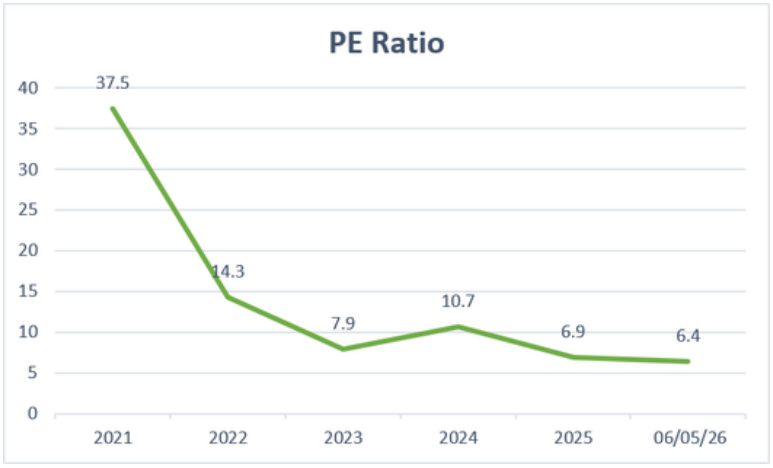
On a positive note, finance costs have dropped 21.3% y/y. This allowed the company's bottomline to be flat at P3.02 billion compared to the same period last year.



As of Q1 2026, CNVRG's return on equity stood at 20.29% lower compared to the 2021 - 2025 average of 21.56%. Note however that this is mainly because of the drop in the company's leveraging with equity multiplier settling at 1.97x, below the last 5 years' average of 2.22x. Asset utilization to generate revenues remains strong at 0.3922x, a little higher than the last 5 years' average of 0.3916x. This bodes well for the company as it continues its fiber network expansion. Meanwhile, operating efficiency is also more robust with margins at 0.39x, higher than the last 5-year's average of 0.38x. CNVRG's return on equity was also higher than the telecommunication's industry average of 18.91%.



Current ratio as of Q1 2026 was at 0.86x, below the 0.89x average in the last 5 years and the 1.00x benchmark. This implies that the company is exposed to liquidity risks and may need to raise fresh capital. Finally, the company's debt-to-asset ratio came in at 24.3%, below the last 5-years' average of 29.4%, showing that the company has been deleveraging.



From a marketability standpoint, as of May 29, 2026, CNVRG is trading at a price-to-earnings ratio of 6.67x which is below its last 5 years' average of 15.46x. This shows that the company is at bargain levels from a marketability standpoint.