PLDT

November 5, 2020

Securities & Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Attention: Mr. Vicente Graciano P. Felizmenio, Jr.
Director – Markets and Securities Regulation Dept.

Gentlemen:

In accordance with Section 17.1(b) of the Securities Regulation Code and SRC Rule 17.1.1.1.2, we submit herewith two (2) copies of SEC Form 17-Q with Management's Discussion and Analysis and accompanying unaudited consolidated financial statements for the nine (9) months ended September 30, 2020.

Very truly yours,

MA. LOURDES C. RAUSA-CHAN
Corporate Secretary

November 5, 2020

Philippine Stock Exchange
6/F Philippine Stock Exchange Tower
28th Street corner 5th Avenue
Bonifacio Global City, Taguig City

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

Gentlemen:

In accordance with Section 17.1(b) of the Securities Regulation Code and SRC Rule 17.3, we submit herewith a copy of SEC Form 17-Q with Management's Discussion and Analysis and accompanying unaudited consolidated financial statements for the nine (9) months ended September 30, 2020.

Very truly yours,

MA. LOURDES C. RAUSA-CHAN
Corporate Secretary

SEC Number PW-55
File Number

PLDT Inc.

(Company's Full Name)

Ramon Cojuangco Building
Makati Avenue, Makati City

(Company's Address)

(632) 8816-8556

(Telephone Number)

Not Applicable

(Fiscal Year Ending)
(month & day)

SEC Form 17-Q

Form Type

Not Applicable

Amendment Designation (if applicable)

September 30, 2020

Period Ended Date

Not Applicable

(Secondary License Type and File Number)

COVER SHEET

SEC Registration Number
PW-55

Company Name

P L D T I N C .

Principal Office (No./Street/Barangay/City/Town/Province)

R A M O N C O J U A N G C O B U I L D I N G

M A K A T I A V E N U E M A K A T I C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	MSRD	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
jacabal@pldt.com.ph	**(02) 8816-8534**	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
11,584 as at September 30, 2020	**Every 2nd Tuesday in June**	**December 31**

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
June Cheryl A. Cabal-Revilla	**jacabal@pldt.com.ph**	**(02) 8816-8534**	

Contact Person's Address

11/F Ramon Cojuangco Bldg. Makati Ave., Makati City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17

OF THE SECURITIES REGULATION CODE ("SRC") AND
SRC 17 (2) (b) THEREUNDER

1. For the quarterly period ended **September 30, 2020**

2. SEC Identification Number **PW-55**

3. BIR Tax Identification No. **000-488-793**

4. **PLDT Inc.**
Exact name of registrant as specified in its charter

5. **Republic of the Philippines**
Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. **Ramon Cojuangco Building, Makati Avenue, Makati City** **0721**
Address of registrant's principal office Postal Code

8. **(632) 8816-8556**
Registrant's telephone number, including area code

9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 of the SRC

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Capital Stock, Php5 par value	**216,055,775 shares as at September 30, 2020**

11. Are any or all of these securities listed on the Philippine Stock Exchange?

Yes [**X**] No [ ]

12. Check whether the registrant

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports):

Yes [**X**] No [ ]

(b) has been subject to such filing requirements for the past 90 days.

Yes [**X**] No [ ]

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PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Our consolidated financial statements as at September 30, 2020 (unaudited) and December 31, 2019 (audited) and for the nine months ended September 30, 2020 and 2019 (unaudited) and related notes (pages F-1 to F-172) are filed as part of this report on Form 17-Q.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In the following discussion and analysis of our financial condition and results of operations, unless the context indicates or otherwise requires, references to "we," "us," "our" or "PLDT Group" mean PLDT Inc. and its consolidated subsidiaries, and references to "PLDT" mean PLDT Inc., not including its consolidated subsidiaries (please see Note 2 – Summary of Significant Accounting Policies to the accompanying unaudited consolidated financial statements for the list of these subsidiaries, including a description of their respective principal business activities and PLDT's direct and/or indirect equity interest).

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying unaudited consolidated financial statements and the related notes. Our unaudited consolidated financial statements, and the financial information discussed below, have been prepared in accordance with Philippine Financial Reporting Standards, or PFRS, which is virtually converged with International Financial Reporting Standards as issued by the International Accounting Standards Board. PFRS differs in certain significant respects from generally accepted accounting principles, or GAAP, in the U.S.

The financial information appearing in this report and in the accompanying unaudited consolidated financial statements is stated in Philippine pesos. Unless otherwise indicated, translations of Philippine peso amounts into U.S. dollars in this report and in the accompanying unaudited consolidated financial statements were made based on the exchange rate of Php48.42 to US$1.00, the exchange rate as at September 30,2020 quoted through the Bankers Association of the Philippines.

Some information in this report may contain forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We have chosen these assumptions or bases in good faith. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors. When considering forward-looking statements, you should keep in mind the description of risks and other cautionary statements in this report. You should also keep in mind that any forward-looking statement made by us in this report or elsewhere speaks only as at the date on which we made it. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the statements in this report after the date hereof. In light of these risks and uncertainties, you should keep in mind that actual results may differ materially from any forward-looking statement made in this report or elsewhere.

Financial Highlights and Key Performance Indicators

	Nine months ended September 30,		Increase (Decrease)	
	2020	2019[1]	Amount	%
(amounts in million Php, except for EBITDA margin and earnings per common share)				
Consolidated Income Statement				
Revenues	133,222	124,436	8,786	7
Expenses	99,473	95,696	3,777	4
Other income (expenses) – net	(6,168)	(6,125)	(43)	(1)
Income before income tax	27,581	22,615	4,966	22
Net income	19,900	16,036	3,864	24
Core income	19,629	18,168	1,461	8
Telco core income	20,965	19,408	1,557	8
EBITDA	65,864	57,935	7,929	14
EBITDA margin[2]	52%	49%	—	—
Reported earnings per common share:				
Basic	90.92	73.83	17.09	23
Diluted	90.92	73.83	17.09	23
Core earnings per common share[3]:				
Basic	90.65	83.88	6.77	8
Diluted	90.65	83.88	6.77	8

	September 30,	December 31,	Increase (Decrease)	
	2020	2019	Amount	%
(amounts in million Php, except for net debt to equity ratio)				
Consolidated Statements of Financial Position				
Total assets	547,433	525,027	22,406	4
Property and equipment	247,148	232,134	15,014	6
Cash and cash equivalents and short-term investments	33,680	24,683	8,997	36
Total equity attributable to equity holders of PLDT	114,318	111,987	2,331	2
Long-term debt, including current portion	222,822	192,556	30,266	16
Net debt[4] to equity ratio	1.64x	1.50x	—	—

	Nine months ended September 30,		Change	
	2020	2019	Amount	%
(amounts in million Php, except for operational data)				
Consolidated Statements of Cash Flows				
Net cash provided by operating activities	65,074	57,695	7,379	13
Net cash used in investing activities	(56,210)	(58,549)	2,339	4
Payment for purchase of property and equipment, including capitalized interest	*(60,263)*	*(61,157)*	*894*	1
Net cash provided by (used in) financing activities	1,412	(23,188)	24,600	106
Operational Data				
Number of mobile subscribers	72,372,163	71,451,288	920,875	1
Prepaid	*70,027,763*	*69,012,106*	*1,015,657*	*1*
Postpaid	*2,344,400*	*2,439,182*	*(94,782)*	*(4)*
Number of broadband subscribers	2,841,761	2,091,014	750,747	*36*
Fixed Line broadband	*2,194,931*	*1,878,983*	*315,948*	*17*
Fixed Wireless broadband	*646,830*	*212,031*	*434,799*	*205*
Number of fixed line subscribers	2,999,174	2,727,035	272,139	*10*
Number of employees:	19,232	19,224	8	—
Fixed Line	13,321	12,877	444	3
LEC	*11,065*	*10,905*	*160*	*1*
Others	*2,256*	*1,972*	*284*	*14*
Wireless	5,911	6,347	(436)	(7)

(1) *Certain amounts for the nine months ended September 30, 2019 were reclassified to conform with the current presentation.*
(2) *EBITDA margin for the period is measured as EBITDA divided by service revenues.*
(3) *Core earnings per common share, or EPS, for the period is measured as core income divided by the weighted average number of outstanding common shares for the period.*
(4) *Net debt is derived by deducting cash and cash equivalents and short-term investments from total debt (long-term debt, including current portion).*

Exchange Rates – per US$	Month end rates	Weighted average rates during the year
September 30, 2020	48.42	50.06
December 31, 2019	50.80	51.79
September 30, 2019	51.80	52.05
December 31, 2018	52.56	52.68

Performance Indicators

We use a number of non-GAAP performance indicators to monitor financial performance. These are summarized below and discussed later in this report.

EBITDA

EBITDA is measured as net income excluding depreciation and amortization, amortization of intangible assets, asset impairment on noncurrent assets, financing costs – net, interest income, equity share in net earnings (losses) of associates and joint ventures, foreign exchange gains (losses) – net, gains (losses) on derivative financial instruments – net, provision for (benefit from) income tax and other income – net. EBITDA is monitored by management for each business unit separately for purposes of making decisions about resource allocation and performance assessment. EBITDA is presented because our management believes that it is widely used by investors in their analysis of the performance of PLDT and can assist them in their comparison of PLDT's performance with those of other companies in the technology, media and telecommunications sector. We also present EBITDA because it is used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Companies in the technology, media and telecommunications sector have historically reported EBITDA as a supplement to financial measures in accordance with PFRS. EBITDA should not be considered as an alternative to net income as an indicator of our performance, nor should EBITDA be considered as an alternative to cash flows from operating activities, as a measure of liquidity or as an alternative to any other measure determined in accordance with PFRS. Unlike net income, EBITDA does not include depreciation and amortization, and financing costs and, therefore, does not reflect current or future capital expenditures or the cost of capital. We compensate for these limitations by using EBITDA as only one of several comparative tools, together with PFRS-based measurements, to assist in the evaluation of operating performance. Such PFRS-based measurements include income before income tax, net income, and operating, investing and financing cash flows. We have significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, taxes and other non-recurring charges, which are not reflected in EBITDA. Our calculation of EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

Core Income and Telco Core Income

Core income is measured as net income attributable to equity holders of PLDT (net income less net income attributable to noncontrolling interests), excluding foreign exchange gains (losses) – net, gains (losses) on derivative financial instruments – net (excluding hedge costs), asset impairment on noncurrent assets, non-recurring gains (losses), net of tax effect of aforementioned adjustments, as applicable, and similar adjustments to equity share in net earnings (losses) of associates and joint ventures. Core income results are monitored by management for each business unit separately for purposes of making decisions about resource allocation and performance assessment.

Also, Telco core income is measured as net income attributable to equity holders of PLDT (net income less net income attributable to noncontrolling interests), excluding foreign exchange gains (losses) – net, gains (losses) on derivative financial instruments – net (excluding hedge costs), asset impairment on noncurrent assets, non-recurring gains (losses), net of tax effect of aforementioned adjustments, as applicable, and similar adjustments to equity share in net earnings (losses) of associates and joint ventures, adjusted for the effect of the share in Voyager Innovations Holdings, Pte. Ltd., or VIH, losses, asset sales, and accelerated depreciation. Telco core income is used by the management as a basis for determining the level of dividend payouts to shareholders and a basis of granting incentives to employees.

Core income and Telco core income should not be considered as an alternative to income before income tax or net income determined in accordance with PFRS as an indicator of our performance. Unlike net income, core income does not include foreign exchange gains and losses, gains and losses on derivative financial instruments, asset impairments and non-recurring gains and losses. We compensate for these limitations by using core income as only one of several comparative tools, together with PFRS-based measurements, to assist in the evaluation of operating performance. Such PFRS-based measurements include income before income tax and net income. Our calculation of core income may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

Overview

We are one of the leading telecommunications and digital services providers in the Philippines, in terms of both subscribers and revenues, serving the fixed line, wireless and broadband markets. Through our three principal business segments, Wireless, Fixed Line and Others, we offer a diverse range of telecommunications and digital services across our extensive fiber optic backbone and wireless and fixed line networks.

We serve 78.2 million users through the provision of mobile, fixed line and data services. In addition to the business segments discussed below, PLDT has found it beneficial to view its business from a customer-served perspective. Accordingly, we also assign metrics along the following marketing verticals: Home, Individual, Enterprise and International customers.

Our three business units are as follows:

- *Wireless* — mobile telecommunications services provided by Smart Communications, Inc., or Smart, and Digitel Mobile Philippines, Inc., or DMPI, our mobile service providers; Smart Broadband, Inc., or SBI, and Primeworld Digital Systems, Inc., or PDSI, our wireless broadband service providers; and certain subsidiaries of PLDT Global Corporation, or PLDT Global, our mobile virtual network operations, or MVNO, provider;
- *Fixed Line* — fixed line telecommunications services primarily provided by PLDT. We also provide fixed line services through PLDT's subsidiaries, namely, PLDT Clark Telecom, Inc., Bonifacio Communications Corporation and PLDT Global and certain subsidiaries; data center, cloud, cyber security services, managed information technology services and resellership through ePLDT, Inc., or ePLDT, IP Converge Data Services, Inc., or IPCDSI, and subsidiary, or IPCDSI Group, ABM Global Solutions, Inc., or AGS, and its subsidiaries, or AGS Group, Curo Teknika, Inc. and ePDS, Inc., or ePDS; full service customer rewards and loyalty programs provided by MVP Rewards and Loyalty Solutions, Inc., or MRSI; and distribution of Filipino channels and content through Pilipinas Global Network Limited and its subsidiaries; and
- *Others* — PLDT Communications and Energy Ventures, Inc., or PCEV, PLDT Global Investment Holdings, Inc., PLDT Global Investments Corporation, or PGIC, PLDT Digital Investments Pte. Ltd., or PLDT Digital, and its subsidiaries, our investment companies.

As at September 30, 2020, our chief operating decision maker, or our Management Committee, views our business activities in three business units: Wireless, Fixed Line and Others.

Management's Financial Review

In addition to consolidated net income, we use EBITDA and core income to assess our operating performance. The reconciliation of our consolidated net income to our consolidated EBITDA and our consolidated core income and Telco core income for the nine months ended September 30, 2020 and 2019 are set forth below.

The following table shows the reconciliation of our consolidated net income to our consolidated EBITDA for the nine months ended September 30, 2020 and 2019:

	2020	2019
	(amounts in million Php)	
Consolidated net income	19,900	16,036
Add (deduct) adjustments:		
Depreciation and amortization	31,587	28,613
Provision for income tax	7,681	6,579
Financing costs – net	7,517	6,532
Equity share in net losses of associates and joint ventures	1,698	1,111
Amortization of intangible assets	528	582
Losses on derivative financial instruments – net	341	190
Impairment of investments	60	34
Interest income	(911)	(1,405)
Foreign exchange gains – net	(1,324)	(10)
Other income – net	(1,213)	(327)
Total adjustments	45,964	41,899
Consolidated EBITDA	65,864	57,935

The following table shows the reconciliation of our consolidated net income to our consolidated core income and telco core income for the nine months ended September 30, 2020 and 2019:

	2020	2019
	(amounts in million Php)	
Consolidated net income	19,900	16,036
Add (deduct) adjustments:		
Losses from changes in fair value of financial assets at FVPL	711	265
Losses on derivative financial instruments – net, excluding hedge costs	289	150
Manpower rightsizing program	86	2,399
Impairment of investments	60	34
Core income adjustment on equity share in net losses (income) of associates and joint ventures	(48)	49
Net income attributable to noncontrolling interests	(213)	(40)
Foreign exchange gains – net	(1,324)	(10)
Net tax effect of aforementioned adjustments	168	(715)
Total adjustments	(271)	2,132
Consolidated core income	19,629	18,168
Add (deduct) adjustments:		
Share in VIH losses	1,307	1,047
Loss (gain) on sale of Rocket Internet shares	269	(185)
Accelerated depreciation, net	—	378
Gain from condonation of debt	(240)	—
Total adjustments	1,336	1,240
Telco core income	20,965	19,408

Results of Operations

The following table shows the contribution by each of our business segments to our consolidated revenues, expenses, other income (expense), income (loss) before income tax, provision for (benefit from) income tax, net income (loss)/segment profit (loss), EBITDA, EBITDA margin, core income and telco core income for the nine months ended September 30, 2020 and 2019. In each of the nine months ended September 30, 2020 and 2019, majority of our revenues are derived from our operations within the Philippines. Our revenues derived from outside the Philippines consist primarily of revenues from incoming international calls to the Philippines.

	Wireless	Fixed Line	Others	Inter-segment Transactions	Consolidated
	(amounts in million Php, except for EBITDA margin)				
For the nine months ended September 30, 2020					
Revenues	76,716	72,031	–	(15,525)	133,222
Expenses	56,642	58,101	7	(15,277)	99,473
Other income (expenses) – net	(3,182)	(684)	(2,309)	7	(6,168)
Income (loss) before income tax	16,892	13,246	(2,316)	(241)	27,581
Provision for (benefit from) income tax	4,037	3,662	(349)	331	7,681
Net income (loss)/Segment profit (loss)	12,855	9,584	(1,967)	(572)	19,900
EBITDA	44,248	26,475	(7)	(4,852)	65,864
EBITDA margin[(1)]	61%	37%	–	–	52%
Core income (loss)	12,795	8,871	(1,455)	(582)	19,629
Telco core income	12,795	8,631	121	(582)	20,965
For the nine months ended September 30, 2019					
Revenues	70,635	66,468	–	(12,667)	124,436
Expenses	52,570	55,731	91	(12,696)	95,696
Other income (expenses) – net	(3,938)	(1,375)	(963)	151	(6,125)
Income (loss) before income tax	14,127	9,362	(1,054)	180	22,615
Provision for (benefit from) income tax	3,694	2,989	(246)	142	6,579
Net income (loss)/Segment profit (loss)	10,433	6,373	(808)	38	16,036
EBITDA	39,126	23,039	(91)	(4,139)	57,935
EBITDA margin[(1)]	59%	35%	–	–	49%
Core income (loss)	10,762	7,916	(578)	68	18,168
Telco core income	11,140	7,916	284	68	19,408
Increase (Decrease)					
Revenues	6,081	5,563	–	(2,858)	8,786
Expenses	4,072	2,370	(84)	(2,581)	3,777
Other income (expenses) – net	756	691	(1,346)	(144)	(43)
Income (loss) before income tax	2,765	3,884	(1,262)	(421)	4,966
Provision for (benefit from) income tax	343	673	(103)	189	1,102
Net income (loss)/Segment profit (loss)	2,422	3,211	(1,159)	(610)	3,864
EBITDA	5,122	3,436	84	(713)	7,929
Core income (loss)	2,033	955	(877)	(650)	1,461
Telco core income	1,655	715	(163)	(650)	1,557

[(1)] *EBITDA margin for the period is measured as EBITDA divided by service revenues.*

On a Consolidated Basis

Revenues

We reported consolidated revenues of Php133,222 million for the nine months ended September 30, 2020, an increase of Php8,786 million, or 7%, as compared with Php124,436 million in the same period in 2019, primarily due to higher revenues from data services in our Wireless and Fixed Line business segments, partially offset by lower revenues from voice and SMS services in our Wireless business segment.

Our consolidated service revenues of Php127,849 million for the nine months ended September 30, 2020, increased by Php8,841 million, or 7%, from Php119,008 million in the same period in 2019, while our consolidated non-service revenues of Php5,373 million for the nine months ended September 30, 2020, decreased by Php55 million, or 1%, from Php5,428 million in the same period in 2019.

Consolidated service revenues, net of interconnection costs, amounted to Php126,589 million for the nine months ended September 30, 2020, an increase of Php10,321 million, or 9%, from Php116,268 million in the same period in 2019.

In 2019, R.A. 11202, otherwise known as the Mobile Number Portability, or MNP, Act, was enacted, which provides that a customer can retain his mobile number when he moves from one mobile service provider to another or, changes the type of subscription from postpaid to prepaid or vice versa. It also contains provision that no interconnection fee or charge shall be imposed by any mobile service provider for domestic calls and SMS made by a subscriber. Effective January 2, 2020, we implemented the removal of mobile interconnection fees for domestic calls and SMS from Php0.50 per minute for voice calls and Php0.05 per message for SMS.

The following table shows the breakdown of our consolidated revenues by services for the nine months ended September 30, 2020 and 2019:

	Wireless	Fixed Line	Inter-segment Transactions	Consolidated
		(amounts in million Php)		
For the nine months ended September 30, 2020				
Service Revenues				
Wireless	*72,287*		*(1,721)*	*70,566*
Mobile	71,790		(1,353)	70,437
Home broadband	33		–	33
MVNO and others	464		(368)	96
Fixed Line		*71,087*	*(13,804)*	*57,283*
Voice		21,156	(6,823)	14,333
Data		49,419	(6,724)	42,695
Home broadband		23,934	(65)	23,869
Corporate data and ICT		25,485	(6,659)	18,826
Miscellaneous		512	(257)	255
Total Service Revenues	72,287	71,087	(15,525)	127,849
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	4,429	842	–	5,271
Point-product sales	–	102	–	102
Total Non-Service Revenues	4,429	944	–	5,373
Total Revenues	76,716	72,031	(15,525)	133,222
For the nine months ended September 30, 2019				
Service Revenues				
Wireless	*66,356*		*(1,858)*	*64,498*
Mobile	64,941		(775)	64,166
Home broadband	69		–	69
MVNO and others	1,346		(1,083)	263
Fixed Line		*65,319*	*(10,809)*	*54,510*
Voice		19,746	(4,653)	15,093
Data		45,002	(5,893)	39,109
Home broadband		20,983	(114)	20,869
Corporate data and ICT		24,019	(5,779)	18,240
Miscellaneous		571	(263)	308
Total Service Revenues	66,356	65,319	(12,667)	119,008
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	4,279	875	(1)	5,153
Point-product sales	–	274	1	275
Total Non-Service Revenues	4,279	1,149	–	5,428
Total Revenues	70,635	66,468	(12,667)	124,436

The following table shows the breakdown of our consolidated revenues by business segment for the nine months ended September 30, 2020 and 2019:

	2020	%	2019	%	Change	
					Amount	%
			(amounts in million Php)			
Wireless	76,716	58	70,635	57	6,081	9
Fixed Line	72,031	54	66,468	53	5,563	8
Inter-segment transactions	(15,525)	(12)	(12,667)	(10)	(2,858)	(23)
Consolidated	133,222	100	124,436	100	8,786	7

Our consolidated revenues are further segmented by Market, based on the type of customers served. Home refers to household subscribers, Individual covers mobile wireless individual customers, Enterprise encompasses business-based customers, corporate or otherwise, and International refers to international carrier customers.

The following table shows our consolidated revenues by market segment for each of our business segments for the nine months ended September 30, 2020 and 2019.

	2020	%	2019	%	Change Amount	%
			(amounts in million Php)			
Wireless	72,287	55	66,356	54	5,931	9
Individual	*61,481*	*46*	*53,864*	*44*	*7,617*	*14*
Home	*711*	*1*	*1,502*	*1*	*(791)*	*(53)*
Enterprise	*6,366*	*5*	*5,071*	*4*	*1,295*	*26*
International	*3,729*	*3*	*5,919*	*5*	*(2,190)*	*(37)*
Fixed Line	71,087	53	65,319	52	5,768	9
Home	*30,371*	*23*	*27,705*	*22*	*2,666*	*10*
Enterprise	*31,759*	*24*	*30,560*	*24*	*1,199*	*4*
International	*8,885*	*7*	*6,921*	*6*	*1,964*	*28*
Others	*72*	—	*133*	—	*(61)*	*(46)*
Inter-segment Transactions	(15,525)	*(12)*	(12,667)	*(10)*	(2,858)	(23)
Total Service Revenues	**127,849**	**96**	**119,008**	**96**	**8,841**	**7**
Wireless	4,429	3	4,279	*3*	150	4
Individual	*3,047*	*2*	*2,846*	*2*	*201*	*7*
Enterprise	*1,377*	*1*	*1,426*	*1*	*(49)*	*(3)*
International	*5*	—	*7*	—	*(2)*	*(29)*
Fixed Line	944	1	1,149	1	(205)	(18)
Home	*508*	*1*	*783*	*1*	*(275)*	*(35)*
Enterprise	*436*	—	*366*	—	*70*	*19*
Total Non-Service Revenues	**5,373**	**4**	**5,428**	**4**	**(55)**	**(1)**
Total Revenues	**133,222**	**100**	**124,436**	**100**	**8,786**	**7**

Expenses

Consolidated expenses increased by Php3,777 million, or 4%, to Php99,473 million for the nine months ended September 30, 2020 from Php95,696 million in the same period in 2019, primarily due to higher depreciation and amortization, provisions, and selling, general and administrative expenses in our Wireless business segment, and higher interconnection costs and provisions in our Fixed Line business segment, partially offset by lower interconnection costs, and cost of sales and services in our Wireless business segment, and lower selling, general and administrative expenses in our Fixed Line business segment.

The following table shows the breakdown of our consolidated expenses by business segment for the nine months ended September 30, 2020 and 2019:

	2020	%	2019	%	Change Amount	%
			(amounts in million Php)			
Wireless	56,642	57	52,570	55	4,072	8
Fixed Line	58,101	58	55,731	58	2,370	4
Others	7	—	91	—	(84)	(92)
Inter-segment transactions	(15,277)	(15)	(12,696)	(13)	(2,581)	(20)
Consolidated	99,473	100	95,696	100	3,777	4

Other Income (Expenses) – Net

Consolidated other expenses amounted to Php6,168 million for the nine months ended September 30, 2020, an increase of Php43 million, or 1%, from Php6,125 million in the same period in 2019, primarily due to the combined effects of the following: (i) losses on fair value of iflix investment in 2020, losses on fair value in 2020 as against gains on fair value in 2019 of Rocket Internet investment, and higher equity share in net losses of VIH, partially offset by lower losses on fair value of Phunware investment from our Other business segment; (ii) higher financing costs from our Wireless and Fixed Line business segments; (iii) lower interest income from our Wireless and Fixed Line business segments; and (iv) higher foreign exchange gains.

The following table shows the breakdown of our consolidated other income (expenses) – net by business segment for the nine months ended September 30, 2020 and 2019:

			Change	
	2020	**2019**	**Amount**	**%**
		(amounts in million Php)		
Wireless	(3,182)	(3,938)	756	19
Fixed Line	(684)	(1,375)	691	50
Others	(2,309)	(963)	(1,346)	(140)
Inter-segment transactions	7	151	(144)	(95)
Consolidated	(6,168)	(6,125)	(43)	(1)

Net Income (Loss)

Consolidated net income increased by Php3,864 million, or 24%, to Php19,900 million for the nine months ended September 30, 2020, from Php16,036 million in the same period in 2019, primarily due to higher net income from our Fixed Line and Wireless business segments, partially offset by higher net loss from our Other business segment. Our consolidated basic and diluted EPS increased to Php90.92 for the nine months ended September 30, 2020 from Php73.83 in the same period in 2019. Our weighted average number of outstanding common shares was approximately 216.06 million in each of the first nine months of 2020 and 2019.

The following table shows the breakdown of our consolidated net income (loss) by business segment for the nine months ended September 30, 2020 and 2019:

					Change	
	2020	**%**	**2019**	**%**	**Amount**	**%**
			(amounts in million Php)			
Wireless	12,855	65	10,433	65	2,422	23
Fixed Line	9,584	48	6,373	40	3,211	50
Others	(1,967)	(10)	(808)	(5)	(1,159)	(143)
Inter-segment transactions	(572)	(3)	38	–	(610)	(1,605)
Consolidated	19,900	100	16,036	100	3,864	24

EBITDA

Our consolidated EBITDA amounted to Php65,864 million for the nine months ended September 30, 2020, an increase of Php7,929 million, or 14%, as compared with Php57,935 million in the same period in 2019, primarily due to higher EBITDA in our Wireless and Fixed Line business segments.

The following table shows the breakdown of our consolidated EBITDA by business segment for the nine months ended September 30, 2020 and 2019:

					Change	
	2020	**%**	**2019**	**%**	**Amount**	**%**
			(amounts in million Php)			
Wireless	44,248	67	39,126	67	5,122	13
Fixed Line	26,475	40	23,039	40	3,436	15
Others	(7)	–	(91)	–	84	92
Inter-segment transactions	(4,852)	(7)	(4,139)	(7)	(713)	(17)
Consolidated	65,864	100	57,935	100	7,929	14

Our consolidated EBITDA excluding MRP amounted to Php65,950 million for the nine months ended September 30, 2020, an increase of Php5,616 million, or 9%, as compared with Php60,334 million in the same period in 2019.

Core Income

Our consolidated core income amounted to Php19,629 million for the nine months ended September 30, 2020, an increase of Php1,461 million, or 8%, as compared with Php18,168 million in the same period in 2019 mainly on account of higher EBITDA, partly offset by higher depreciation and amortization and financing costs, as well as higher equity share in net losses. Our consolidated basic and diluted core EPS increased to Php90.65 for the nine months ended September 30, 2020 from Php83.88 in the same period in 2019.

The following table shows the breakdown of our consolidated core income by business segment for the nine months ended September 30, 2020 and 2019:

					Change	
	2020	**%**	**2019**	**%**	**Amount**	**%**
			(amounts in million Php)			
Wireless	12,795	65	10,762	59	2,033	19
Fixed Line	8,871	45	7,916	44	955	12
Others	(1,455)	(7)	(578)	(3)	(877)	(152)
Inter-segment transactions	(582)	(3)	68	–	(650)	(956)
Consolidated	19,629	100	18,168	100	1,461	8

Our consolidated telco core income amounted to Php20,965 million for the nine months ended September 30, 2020, an increase of Php1,557 million, or 8%, as compared with Php19,408 million in the same period in 2019 mainly due to higher EBITDA, partially offset by higher depreciation and amortization, and financing costs.

The following table shows the breakdown of our consolidated telco core income by business segment for the nine months ended September 30, 2020 and 2019:

					Change	
	2020	**%**	**2019**	**%**	**Amount**	**%**
			(amounts in million Php)			
Wireless	12,795	61	11,140	57	1,655	15
Fixed Line	8,631	41	7,916	41	715	9
Others	121	1	284	2	(163)	(57)
Inter-segment transactions	(582)	(3)	68	–	(650)	(956)
Consolidated	20,965	100	19,408	100	1,557	8

On a Business Segment Basis

Wireless

Revenues

We generated revenues of Php76,716 million from our Wireless business segment for the nine months ended September 30, 2020, an increase of Php6,081 million, or 9%, from Php70,635 million in the same period in 2019.

The following table summarizes our total revenues by service from our Wireless business segment for the nine months ended September 30, 2020 and 2019:

					Increase (Decrease)	
	2020	**%**	**2019**	**%**	**Amount**	**%**
			(amounts in million Php)			
Service Revenues:						
Mobile	71,790	93	64,941	92	6,849	11
Home broadband	33	–	69	–	(36)	(52)
MVNO and others[1]	464	1	1,346	2	(882)	(66)
Total Wireless Service Revenues	72,287	94	66,356	94	5,931	9
Non-Service Revenues:						
Sale of mobile handsets and broadband data modems	4,429	6	4,279	6	150	4
Total Wireless Revenues	76,716	100	70,635	100	6,081	9

[1] *Includes service revenues generated by MVNOs of PLDT Global subsidiaries and facility service fees.*

Service Revenues

Our wireless service revenues increased by Php5,931 million, or 9%, to Php72,287 million for the nine months ended September 30, 2020 as compared with Php66,356 million in the same period in 2019, primarily due to higher mobile revenues, partly offset by lower revenues from home broadband and MVNO and other services. As a percentage of our total wireless revenues, service revenues accounted for 94% in each of the nine months ended September 30, 2020 and 2019.

Mobile Services

Our mobile service revenues amounted to Php71,790 million for the nine months ended September 30, 2020, an increase of Php6,849 million, or 11%, from Php64,941 million in the same period in 2019. Mobile service revenues accounted for 99% and 98% of our wireless service revenues for the nine months ended September 30, 2020 and 2019, respectively.

The following table shows the breakdown of our mobile service revenues for the nine months ended September 30, 2020 and 2019:

					Increase (Decrease)	
	2020	**%**	**2019**	**%**	**Amount**	**%**
			(amounts in million Php)			
Mobile Services:						
Data	48,413	68	37,883	58	10,530	28
Voice	16,448	23	18,473	28	(2,025)	(11)
SMS	5,320	7	7,509	12	(2,189)	(29)
Inbound roaming and others[1]	1,609	2	1,076	2	533	50
Total	71,790	100	64,941	100	6,849	11

[1] *Refers to other non-subscriber-related revenues consisting primarily of inbound international roaming fees and facility service fees.*

Data Services

Mobile revenues from our data services, which include mobile internet, mobile broadband and other data services, increased by Php10,530 million, or 28%, to Php48,413 million for the nine months ended September 30, 2020 from Php37,883 million in the same period in 2019 due to the growth in mobile internet usage driven mainly by the increased demand for data connectivity amidst the pandemic and meeting "new normal", augmented by enhanced data products, consumer engagement promotions, advertising campaigns, and continuous network improvement and LTE migration. Data services accounted for 68% and 58% of our mobile service revenues for the nine months ended September 30, 2020 and 2019, respectively.

The following table shows the breakdown of our mobile data service revenues for the nine months ended September 30, 2020 and 2019:

					Increase (Decrease)	
	2020	**%**	**2019**	**%**	**Amount**	**%**
			(amounts in million Php)			
Data Services:						
Mobile internet[1]	45,266	93	34,483	91	10,783	31
Mobile broadband	2,260	5	2,701	7	(441)	(16)
Other data	887	2	699	2	188	27
Total	48,413	100	37,884	100	10,530	28

[1] *Includes revenues from web-based services, net of discounts and content provider costs.*

Mobile Internet

Mobile internet service revenues increased by Php10,783 million, or 31%, to Php45,266 million for the nine months ended September 30, 2020 from Php34,483 million in the same period in 2019, primarily due to the following: (i) campaign refresh of the Prepaid business's data and content-led products such as *Giga Work, Giga Video, Giga Games, Giga Stories* and *Giga Music* for mobile prepaid services, which increased the usage of video, gaming and social media by Smart, TNT and Sun subscribers; (ii) expansion of Giga Services to Giga Study and Giga Pro to cater to the needs of increased digital productivity for the work-from-home and study-from-home environment; (iii) continuation of promotions such as *Free Stories For All*, which increased the number of mobile data users and further stimulated data usage; (iv) expansion of accessible channels for customers to discover and purchase mobile data services, such as *123#, the newly-launched Giga Life app, the Smart online store and through the online platforms of key account partners; (v) introduction of new data-led postpaid plans with the launch of Smart Signature; (vi) LTE migration initiatives which further increased the number of LTE device and data users among our subscriber base; (vii) video streaming partnerships with the NBA; and (viii) Smart brand thematic relaunch with Korean Superstars Hyun Bin and Son Ye-jin endorsing Smart as the fastest Mobile Network in the Philippines as verified by independent third party agencies, *Ookla* and *OpenSignal.*

In July 2020, Smart also launched its commercial 5G services to its Smart Signature, Infinity and other Smart postpaid subscribers. Subscribers will be able to enjoy the data service of Smart 5G in key business districts of Metro Manila using Smart-certified handsets with 5G-activated SIMs. Smart is also rolling out its commercial 5G service to key cities in Visayas and Mindanao, becoming the first Philippine telecommunication company to launch 5G services nationwide.

Smart launched the GigaLife App, which aims to gives subscribers a way to manage their digital activities through convenient features, from balance and account details inquiry, promo and add-on registration, account reloading, viewing of billing statement, bills payment, and rewards redemption.

Mobile internet services accounted for 63% and 53% of our mobile service revenues for the nine months ended September 30, 2020 and 2019, respectively.

Mobile Broadband

Mobile broadband revenues amounted to Php2,260 million for the nine months ended September 30, 2020, a decrease of Php441 million, or 16%, from Php2,701 million in the same period in 2019, primarily due to a decrease in the number of subscribers using dongles as users shift to using mobile internet, home fiber and WiFi services. Nevertheless, there was a noted increase in activations of Smart's Pocket Wifi products in the third quarter of 2020, to cater for the study-at-home needs of students, work-from-home needs of the workforce and as a backup to their fixed home connections. Mobile broadband services accounted for 3% and 4% of our mobile service revenues for the nine months ended September 30, 2020 and 2019, respectively.

Other Data

Revenues from our other data services, which include value-added services, or VAS, domestic leased lines and share in revenue from PLDT WeRoam, increased by Php188 million, or 27%, to Php887 million for the nine months ended September 30, 2020 from Php699 million in the same period in 2019, primarily due to higher revenues from domestic leased lines and VAS via Direct Carrier Billing, which includes revenues from video subscriptions and mobile gaming in-app purchases influenced by *Mobile Legend: Bang Bang* online tournament Seasons 1 and 2 in the second and third quarter of 2020.

Voice Services

Mobile revenues from our voice services, which include all voice traffic, decreased by Php2,025 million, or 11%, to Php16,448 million for the nine months ended September 30, 2020 from Php18,473 million in the same period in 2019, due to subscribers' shift to alternative calling options and other OTT services. Mobile voice services accounted for 23% and 28% of our mobile service revenues for the nine months ended September 30, 2020 and 2019, respectively.

Domestic voice service revenues decreased by Php1,830 million, or 11%, to Php14,395 million for the nine months ended September 30, 2020 from Php16,225 million in the same period in 2019, due to lower domestic outbound revenues, and lower inbound voice service revenues due to the impact of the removal of interconnection rates for domestic mobile voice services.

International voice service revenues decreased by Php195 million, or 9%, to Php2,053 million for the nine months ended September 30, 2020 from Php2,248 million in the same period in 2019, primarily due to decrease in international inbound and outbound voice service revenues as a result of lower international voice traffic from overseas Filipino workers and international travellers due to the pandemic.

SMS Services

Mobile revenues from our SMS services, which include all SMS-related services, decreased by Php2,189 million, or 29%, to Php5,320 million for the nine months ended September 30, 2020 from Php7,509 million in the same period in 2019 mainly due to the declining SMS volumes as a result of the increased adoption of alternative text messaging options, such as OTT services, social media, and messenger application, combined with the impact of removal of interconnection charges for domestic mobile SMS services. Mobile SMS services accounted for 7% and 12% of our mobile service revenues for the nine months ended September 30, 2020 and 2019, respectively.

Inbound Roaming and Others

Mobile revenues from inbound roaming and other services increased by Php533 million, or 50%, to Php1,609 million for the nine months ended September 30, 2020 from Php1,076 million in the same period in 2019 mainly due to facility service fees related to fixed wireless business.

The following table shows the breakdown of our mobile service revenues by service type for the nine months ended September 30, 2020 and 2019:

			Increase (Decrease)	
	2020	**2019**	**Amount**	**%**
		(amounts in million Php)		
Mobile service revenues	71,790	64,941	6,849	11
By service type				
Prepaid	55,588	49,277	6,311	13
Postpaid	14,593	14,588	5	—
Inbound roaming and others	1,609	1,076	533	50

Prepaid Revenues

Revenues generated from our mobile prepaid services amounted to Php55,588 million for the nine months ended September 30, 2020, an increase of Php6,311 million, or 13%, as compared with Php49,277 million in the same period in 2019. Mobile prepaid service revenues accounted for 78% and 76% of mobile service revenues for the nine months ended September 30, 2020 and 2019, respectively. The increase in revenues from our mobile prepaid services was attributed to the increase in our mobile prepaid subscriber base, combined with higher average daily top-ups, driven by the sustained growth in mobile internet usages.

In October 2020, we implemented the rebranding of Sun Prepaid into Smart Prepaid. Subscribers retained their existing Sun numbers while having access to expanded retail and customer care channels, data-centric Giga offers alongside existing select Sun top-up offers. Following this development, rebranded subscribers can avail Giga Life bundles with rich data allocations, including the newest offers, Giga Work for those working from home and Giga Study for online classes, using Smart's LTE network.

Postpaid Revenues

Revenues generated from mobile postpaid services amounted to Php14,593 million for the nine months ended September 30, 2020, higher by Php5 million as compared with Php14,588 million in the same period in 2019, and accounted for 20% and 22% of mobile service revenues for the nine months ended September 30, 2020 and 2019, respectively, driven by the increase in corporate subscriptions to enable work-from-home set-up and flexible learning arrangements.

Subscriber Base, ARPU and Churn Rates

The following table shows our mobile subscriber base as at September 30, 2020 and 2019:

	2020	2019	Increase (Decrease) Amount	%
Mobile subscriber base				
Smart[1]	25,441,381	26,725,721	(1,284,340)	(5)
Prepaid	*23,983,929*	*25,240,171*	*(1,256,242)*	*(5)*
Postpaid	*1,457,452*	*1,485,550*	*(28,098)*	*(2)*
TNT	40,446,221	37,619,726	2,826,495	8
Sun[1]	6,484,561	7,105,841	(621,280)	(9)
Prepaid	*5,597,613*	*6,152,209*	*(554,596)*	*(9)*
Postpaid	*886,948*	*953,632*	*(66,684)*	*(7)*
Total mobile subscribers	72,372,163	71,451,288	920,875	1

(1) *Includes mobile broadband subscribers.*

Our current policy is to recognize a prepaid subscriber as active only when the subscriber activates and uses the SIM card. A prepaid mobile subscriber is considered inactive if the subscriber does not reload within 90 days after the full usage or expiry of the last reload.

The average monthly churn rates for Smart Prepaid subscribers were 5.2% and 3.6% for the nine months ended September 30, 2020 and 2019, respectively, while the average monthly churn rates for TNT subscribers were 4.2% and 3.6% for the nine months ended September 30, 2020 and 2019, respectively. The average monthly churn rates for Sun Prepaid subscribers were 7.2% and 4.9% for the nine months ended September 30, 2020 and 2019, respectively.

The average monthly churn rates for Smart Postpaid subscribers were 2.2% and 2.0% for the nine months ended September 30, 2020 and 2019, respectively. The average monthly churn rates for Sun Postpaid subscribers were 1.5% and 1.4% for the nine months ended September 30, 2020 and 2019, respectively.

The following table summarizes our average monthly ARPUs for the nine months ended September 30, 2020 and 2019:

	Gross[1]		Increase (Decrease)		Net[2]		Increase (Decrease)	
	2020	2019	Amount	%	2020	2019	Amount	%
				(amounts in Php)				
Prepaid								
Smart	*133*	*131*	*2*	*2*	*113*	*117*	*(4)*	*(3)*
TNT	*88*	*75*	*13*	*17*	*77*	*67*	*10*	*15*
Sun	*80*	*83*	*(3)*	*(4)*	*70*	*75*	*(5)*	*(7)*
Postpaid								
Smart	*840*	*822*	*18*	*2*	*808*	*806*	*2*	–
Sun	*384*	*419*	*(35)*	*(8)*	*375*	*414*	*(39)*	*(9)*

(1) *Gross monthly ARPU is calculated by dividing gross mobile service revenues for the month, including interconnection income but excluding inbound roaming revenues, gross of discounts, and content provider costs, by the average number of subscribers in the month.*
(2) *Net monthly ARPU is calculated by dividing gross mobile service revenues for the month, including interconnection income, but excluding inbound roaming revenues, net of discounts and content provider costs, by the average number of subscribers in the month.*

Home Broadband

Revenues from our Home Broadband services amounted to Php33 million for the nine months ended September 30, 2020, a decrease of Php36 million, or 52%, from Php69 million in the same period in 2019, primarily due to a decrease in the number of subscribers.

MVNO and Others

Revenues from our MVNO and other services amounted to Php464 million for the nine months ended September 30, 2020, a decrease of Php882 million, or 66%, from Php1,346 million in the same period in 2019 primarily due to lower facility service fees.

Non-Service Revenues

Our wireless non-service revenues consist of sale of mobile handsets, mobile broadband data modems, tablets and accessories. Our wireless non-service revenues increased by Php150 million, or 4%, to Php4,429 million for the nine months ended September 30, 2020 from Php4,279 million in the same period in 2019, primarily due to higher issuances of broadband devices brought about by the demand from work-from-home set-up and online class.

Expenses

Expenses associated with our Wireless business segment amounted to Php56,642 million for the nine months ended September 30, 2020, an increase of Php4,072 million, or 8%, from Php52,570 million in the same period in 2019. The increase was mainly attributable to higher depreciation and amortization, provisions, and selling, general and administrative expenses, partially offset by lower interconnection costs, and cost of sales and services. As a percentage of our total wireless revenues, expenses associated with our Wireless business segment accounted for 74% in each of the nine months ended September 30, 2020 and 2019.

The following table summarizes the breakdown of our total wireless-related expenses for the nine months ended September 30, 2020 and 2019 and the percentage of each expense item in relation to the total:

					Increase (Decrease)	
	2020	**%**	**2019**	**%**	**Amount**	**%**
			(amounts in million Php)			
Selling, general and administrative expenses	24,618	43	23,301	45	1,317	6
Depreciation and amortization	23,646	42	20,479	39	3,167	15
Cost of sales and services	5,859	10	6,322	12	(463)	(7)
Provisions	2,053	4	653	1	1,400	214
Interconnection costs	369	1	1,728	3	(1,359)	(79)
Asset impairment	97	—	87	—	10	11
Total	56,642	100	52,570	100	4,072	8

Selling, general and administrative expenses increased by Php1,317 million, or 6%, to Php24,618 million, primarily due to higher expenses related to taxes and licenses, selling and promotions, and repairs and maintenance, partly offset by lower expenses related to communication, training and travel.

Depreciation and amortization charges increased by Php3,167 million, or 15%, to Php23,646 million, mainly on account of higher depreciation on network equipment, combined with higher depreciation of right-of-use asset.

Cost of sales and services decreased by Php463 million, or 7%, to Php5,859 million, primarily due to lower number of units issued for mobile handsets during the temporary closure of Smart wireless centers and Sun shops as a result of the community quarantine, tempered by higher number of broadband units issued.

Provisions increased by Php1,400 million to Php2,053 million, mainly on account of higher expected credit losses primarily driven by the impact of pandemic to the economy.

Interconnection costs decreased by Php1,359 million, or 79%, to Php369 million, primarily due to lower interconnection cost on domestic voice and SMS services, as a result of the removal of mobile domestic interconnection fees.

Asset impairment, consisting mainly of impairment of contract assets, increased by Php10 million, or 11%, to Php97 million.

Other Income (Expenses) – Net

The following table summarizes the breakdown of our total wireless-related other income (expenses) – net for the nine months ended September 30, 2020 and 2019:

	2020	2019	Change Amount	%
	(amounts in million Php)			
Other Income (Expenses) – Net:				
Financing costs – net	(5,188)	(4,817)	(371)	(8)
Losses on derivative financial instruments – net	(95)	(127)	32	25
Foreign exchange gains (losses) – net	296	(96)	392	408
Interest income	441	559	(118)	(21)
Other income – net	1,364	543	821	151
Total	(3,182)	(3,938)	756	19

Our Wireless business segment's other expenses amounted to Php3,182 million for the nine months ended September 30, 2020, a decrease of Php756 million, or 19%, from Php3,938 million in the same period in 2019, primarily due to the combined effects of the following: (i) higher other income – net by Php821 million mainly due to higher other miscellaneous income; (ii) net foreign exchange gains of Php296 million in 2020 as against net foreign exchange losses of Php96 million in 2019 on account of revaluation of net foreign currency-denominated liabilities due to higher level of appreciation of the Philippine peso relative to the U.S. dollar; (iii) lower net losses on derivative financial instruments by Php32 million; (iv) lower interest income by Php118 million; and (v) higher net financing costs by Php371 million mainly due to higher interest expense on loans resulting from higher outstanding loan balance and lower capitalized interest, partially offset by lower accretion on lease liabilities.

Provision for Income Tax

Provision for income tax amounted to Php4,037 million for the nine months ended September 30, 2020, an increase of Php343 million, or 9%, from Php3,694 million in the same period in 2019, primarily due to higher taxable income.

Net Income

As a result of the foregoing, our Wireless business segment's net income increased by Php2,422 million, or 23%, to Php12,855 million for the nine months ended September 30, 2020 from Php10,433 million in the same period in 2019.

EBITDA

Our Wireless business segment's EBITDA increased by Php5,122 million, or 13%, to Php44,248 million for the nine months ended September 30, 2020 from Php39,126 million in the same period in 2019. EBITDA margin increased to 61% for the nine months ended September 30, 2020 from 59% in the same period in 2019.

Core Income

Our Wireless business segment's core income increased by Php2,033 million, or 19%, to Php12,795 million for the nine months ended September 30, 2020 from Php10,762 million in the same period in 2019, mainly on account of higher EBITDA, partially offset by higher depreciation and amortization, and net financing costs.

Fixed Line

Revenues

Revenues generated from our Fixed Line business segment amounted to Php72,031 million for the nine months ended September 30, 2020, an increase of Php5,563 million, or 8%, from Php66,468 million in the same period in 2019.

The following table summarizes our total revenues by service from our Fixed Line business segment for the nine months ended September 30, 2020 and 2019:

	2020	%	2019	%	Increase (Decrease) Amount	%
			(amounts in million Php)			
Service Revenues:						
Data	49,419	69	45,002	67	4,417	10
Voice	21,156	29	19,746	30	1,410	7
Miscellaneous	512	1	571	1	(59)	(10)
	71,087	99	65,319	98	5,768	9
Non-Service Revenues:						
Sale of computers, phone units and point-product sales	944	1	1,149	2	(205)	(18)
Total Fixed Line Revenues	72,031	100	66,468	100	5,563	8

Service Revenues

Our fixed line service revenues increased by Php5,768 million, or 9%, to Php71,087 million for the nine months ended September 30, 2020 from Php65,319 million in the same period in 2019, primarily due to higher revenues from our data and voice services.

Data Services

Our data services posted revenues of Php49,419 million for the nine months ended September 30, 2020, an increase of Php4,417 million, or 10%, from Php45,002 million in the same period in 2019, primarily due to higher revenues from home broadband, corporate data and leased lines, and data center and ICT services. The percentage contribution of this service segment to our fixed line service revenues accounted for 69% in each of the nine months ended September 30, 2020 and 2019.

The following table shows information of our data service revenues for the nine months ended September 30, 2020 and 2019:

	2020	2019	Increase Amount	%
		(amounts in million Php)		
Data service revenues	49,419	45,002	4,417	10
Corporate data and ICT	25,485	24,019	1,466	6
Home broadband	23,934	20,983	2,951	14

Corporate Data and ICT

Corporate data services amounted to Php21,014 million for the nine months ended September 30, 2020, an increase of Php1,255 million, or 6%, as compared with Php19,759 million in the same period in 2019, mainly due to the sustained demand for broadband internet and data networking services. Corporate data revenues accounted for 43% and 44% of total data services for the nine months ended September 30, 2020 and 2019, respectively.

ICT revenues increased by Php211 million, or 5%, to Php4,471 million for the nine months ended September 30, 2020 from Php4,260 million in the same period in 2019 mainly due to higher revenues from Data Centers and

Cybersecurity. The percentage contribution of this service segment to our total data service revenues accounted for 9% in each of the nine months ended September 30, 2020 and 2019.

Home Broadband

Home broadband data revenues amounted to Php23,934 million for the nine months ended September 30, 2020, an increase of Php2,951 million, or 14%, from Php20,983 million in the same period in 2019. This growth is driven by increasing demand for broadband services, including fixed wired (PLDT Home Fibr) and fixed wireless (PLDT Home WiFi), which the company is providing through its existing copper network and a nationwide roll-out of its fiber-to-the-home, or FTTH, network. Home broadband revenues accounted for 48% and 47% of total data service revenues for the nine months ended September 30, 2020 and 2019, respectively. PLDT's FTTH nationwide network roll-out has reached approximately 8.3 million homes passed as of September 30, 2020.

Voice Services

Revenues from our voice services increased by Php1,410 million, or 7%, to Php21,156 million for the nine months ended September 30, 2020 from Php19,746 million in the same period in 2019, primarily due to higher revenues from international services of PLDT Global, partly offset by lower revenues from domestic and local exchange services. The decline in domestic and local exchange services was partly due to the continued popularity of services such as Skype, Viber, Line, Facebook Messenger, Google Talk and WhatsApp, offering free OTT calling services, and other similar services, as well as subscribers' shift to mobile services. The percentage contribution of voice service revenues to our fixed line service revenues accounted for 30% in each of the nine months ended September 30, 2020 and 2019.

Miscellaneous Services

Miscellaneous service revenues are derived mostly from rentals and management fees. These service revenues decreased by Php59 million, or 10%, to Php512 million for the nine months ended September 30, 2020 from Php571 million in the same period in 2019. The percentage contribution of miscellaneous service revenues to our total fixed line service revenues accounted for 1% in each of the nine months ended September 30, 2020 and 2019.

Non-service Revenues

Non-service revenues decreased by Php205 million, or 18%, to Php944 million for the nine months ended September 30, 2020 from Php1,149 million in the same period in 2019, primarily due to lower sale of hardware, Telpad units, and computer bundles, partially offset by higher sale of managed ICT equipment and Prepaid Home WiFi.

Expenses

Expenses related to our Fixed Line business segment totaled Php58,101 million for the nine months ended September 30, 2020, an increase of Php2,370 million, or 4%, as compared with Php55,731 million in the same period in 2019. The increase was primarily due to higher interconnection costs, provisions, depreciation and amortization, and cost of sales and services, partly offset by lower expenses related to selling, general and administrative expenses, and asset impairment. As a percentage of our total fixed line revenues, expenses associated with our Fixed Line business segment accounted for 81% and 84% for the nine months ended September 30, 2020 and 2019, respectively.

The following table shows the breakdown of our total fixed line-related expenses for the nine months ended September 30, 2020 and 2019 and the percentage of each expense item in relation to the total:

	2020	%	2019	%	Increase (Decrease) Amount	%
			(amounts in million Php)			
Selling, general and administrative expenses	30,337	52	31,527	57	(1,190)	(4)
Depreciation and amortization	12,536	22	12,302	22	234	2
Interconnection costs	7,701	13	5,642	10	2,059	36
Provisions	4,209	7	2,977	5	1,232	41
Cost of sales and services	3,258	6	3,148	6	110	3
Asset impairment	60	—	135	—	(75)	(56)
Total	58,101	100	55,731	100	2,370	4

Selling, general and administrative expenses decreased by Php1,190 million, or 4%, to Php30,337 million primarily due to lower expenses related to compensation and employee benefits on account of lower MRP, selling and promotions, professional and other contracted services, and taxes and licenses, partly offset by higher repairs and maintenance expenses.

Depreciation and amortization charges increased by Php234 million, or 2%, to Php12,536 million mainly on account of higher depreciable asset base, combined with higher depreciation of right-of-use asset.

Interconnection costs increased by Php2,059 million, or 36%, to Php7,701 million, primarily due to higher international interconnection costs of PLDT Global, partly offset by lower domestic interconnection costs, mainly due to the impact of reduction in interconnection rate for voice services.

Provisions increased by Php1,232 million, or 41%, to Php4,209 million, primarily due to higher provisions for expected credit losses mainly on account of lower collection efficiency, and provision for inventory obsolescence in 2020.

Cost of sales and services increased by Php110 million, or 3%, to Php3,258 million, primarily due to higher cost of sale of managed ICT and Prepaid Home WiFi, partly offset by lower cost of services, as well as lower cost of hardware, Telpad units and computer bundles.

Asset impairment, consisting mainly of impairment of contract assets, decreased by Php75 million, or 56%, to Php60 million.

Other Income (Expenses) – Net

The following table summarizes the breakdown of our total fixed line-related other income (expenses) – net for the nine months ended September 30, 2020 and 2019:

	2020	2019	Change Amount	%
		(amounts in million Php)		
Other Income (Expenses) – Net:				
Financing costs – net	(4,343)	(3,804)	(539)	(14)
Losses on derivative financial instruments – net	(246)	(137)	(109)	(80)
Equity share in net earnings of associates	81	164	(83)	(51)
Interest income	429	550	(121)	(22)
Foreign exchange gains – net	932	156	776	497
Other income – net	2,463	1,696	767	45
Total	(684)	(1,375)	691	50

Our Fixed Line business segment's other expenses amounted to Php684 million for the nine months ended September 30, 2020, a decrease of Php691 million, or 50%, from Php1,375 million in the same period in 2019, primarily due to the combined effects of the following: (i) higher net foreign exchange gains by Php776 million on account of revaluation of net foreign currency-denominated liabilities due to higher level of appreciation of the Philippine peso relative to the U.S. dollar; (ii) higher other income – net by Php767 million mainly due to higher other miscellaneous income; (iii) lower equity share in net earnings of associates by Php83 million; (iv) higher net losses on derivative financial instruments by Php109 million; (v) lower interest income by Php121 million; and (vi) higher net financing costs by Php539 million mainly due to higher interest expense on loans resulting from higher outstanding loan balance, partially offset by higher capitalized interest.

Provision for Income Tax

Provision for income tax amounted to Php3,662 million for the nine months ended September 30, 2020, an increase of Php673 million, or 23%, from Php2,989 million in the same period in 2019, primarily due to higher taxable income.

Net Income

As a result of the foregoing, our Fixed Line business segment registered a net income of Php9,584 million for the nine months ended September 30, 2020, an increase of Php3,211 million, or 50%, as compared with Php6,373 million in the same period in 2019.

EBITDA

Our Fixed Line business segment's EBITDA increased by Php3,436 million, or 15%, to Php26,475 million for the nine months ended September 30, 2020 from Php23,039 million in the same period in 2019. EBITDA margin increased to 37% for the nine months ended September 30, 2020 from 35% in the same period in 2019.

Core Income

Our Fixed Line business segment's core income increased by Php955 million, or 12%, to Php8,871 million for the nine months ended September 30, 2020 from Php7,916 million in the same period in 2019, primarily due to higher EBITDA, partially offset by higher net financing costs and depreciation and amortization.

Others

Revenues

Revenues generated from our Other business segment amounted to nil in each of the nine months ended September 30, 2020 and 2019.

Expenses

Expenses related to our Other business segment decreased by Php84 million, or 92%, to Php7 million for the nine months ended September 30, 2020 from Php91 million in the same period in 2019.

Other Income (Expenses) – Net

The following table summarizes the breakdown of other income (expenses) – net for Other business segment for the nine months ended September 30, 2020 and 2019:

			Change	
	2020	**2019**	**Amount**	**%**
		(amounts in million Php)		
Other Income (Expenses) – Net:				
Equity share in net losses of associates and joint ventures	(1,779)	(1,275)	(504)	(40)
Financing costs – net	—	(29)	29	100
Gains on derivative financial instruments – net	—	74	(74)	(100)
Foreign exchange gains (losses) – net	96	(18)	114	633
Interest income	429	325	104	32
Other income – net	(1,055)	(40)	(1,015)	(2,538)
Total	(2,309)	(963)	(1,346)	(140)

Our Other business segment's other expenses amounted to Php2,309 million for the nine months ended September 30, 2020, an increase of Php1,346 million from Php936 million in the same period in 2019, primarily due to the combined effects of the following: (i) higher other expenses – net by Php1,015 million mainly due to losses on fair value of iflix investment, and losses on fair value in 2020 as against gains on fair value in 2019 of Rocket Internet investment, partially offset by lower losses on fair value of Phunware investment; (ii) higher equity share in net losses of associates and joint ventures by Php504 million mainly due to higher equity share in net losses of VIH; (iii) net gains on derivative financial instruments of Php74 million in 2019; (iv) net financing costs of Php29 million in 2019; (v) higher interest income by Php104 million; and (vi) net foreign exchange gains of Php96 million in 2020 as against net foreign exchange losses of Php18 million in 2019.

Net Income (Loss)

As a result of the foregoing, our Other business segment registered a net loss of Php1,967 million for the nine months ended September 30, 2020, an increase of Php1,159 million from Php808 million in the same period in 2019.

Core Income (Loss)

Our Other business segment's core loss increased by Php877 million to Php1,455 million for the nine months ended September 30, 2020 from Php578 million in the same period in 2019.

Liquidity and Capital Resources

The following table shows our consolidated cash flows for the nine months ended September 30, 2020 and 2019, as well as our consolidated capitalization and other consolidated selected financial data as at September 30, 2020 and December 31, 2019:

	Nine months ended September 30,	
	2020	**2019**
	(amounts in million Php)	
Cash Flows		
Net cash flows provided by operating activities	65,074	57,695
Net cash flows used in investing activities	(56,210)	(58,549)
Payment for purchase of property and equipment, including capitalized interest	*(60,263)*	*(61,157)*
Net cash flows provided by (used in) financing activities	1,412	(23,188)
Net increase (decrease) in cash and cash equivalents	9,302	(24,516)

	September 30,	**December 31,**
	2020	**2019**
	(amounts in million Php)	
Capitalization		
Long-term portion of interest-bearing financial liabilities – net of current portion:		
Long-term debt	197,487	172,834
Current portion of interest-bearing financial liabilities:		
Long-term debt maturing within one year	25,335	19,722
Total interest-bearing financial liabilities	222,822	192,556
Total equity attributable to equity holders of PLDT	114,318	111,987
	337,140	304,543
Other Selected Financial Data		
Total assets	547,433	525,027
Property and equipment	247,148	232,134
Cash and cash equivalents	33,671	24,369
Short-term investments	9	314

Our consolidated cash and cash equivalents and short-term investments totaled Php33,680 million as at September 30, 2020. Principal sources of consolidated cash and cash equivalents for the nine months ended September 30, 2020 were cash flows from operating activities amounting to Php65,074 million, proceeds from availment of long-term and short-term debts of Php47,541 million and Php10,000 million, respectively, proceeds from maturity of short-term investments of Php4,375 million, collection of Metro Pacific Investments Corporation, or MPIC, receivables of Php2,826 million, proceeds from disposal of Rocket Internet shares of Php1,508 million and interest received of Php1,055 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php60,263 million; (2) long-term debt principal and interest payments of Php14,963 million and Php8,498 million, respectively; (3) cash dividend payments of Php17,020 million; (4) payment of short-term debt of Php10,000 million; (5) payment for purchase of short-term investments of Php4,685 million; (6) settlement of obligations under lease liabilities of Php4,313 million; and (7) payment for purchase of investment in debt securities of Php1,194 million.

Our consolidated cash and cash equivalents and short-term investments totaled Php27,562 million as at September 30, 2019. Principal sources of consolidated cash and cash equivalents for the nine months ended September 30, 2019 were cash flows from operating activities amounting to Php57,695 million, proceeds from availment of long-term debt of Php18,000 million, collection of receivables from MPIC of Php1,771 million, interest received of Php1,363 million, proceeds from disposal of Rocket Internet shares of Php1,021 million and net proceeds from maturity of short-term investments of Php731 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php61,157 million; (2) debt principal and interest payments of Php15,626 million and Php5,252 million, respectively; (3) cash dividend payments of Php15,556 million; (4) settlement of obligations under lease liabilities of Php4,363 million; and (5) net additions to right-of-use assets of Php2,251 million.

Operating Activities

Our consolidated net cash flows provided by operating activities increased by Php7,379 million, or 13%, to Php65,074 million for the nine months ended September 30, 2020 from Php57,695 million in the same period in 2019, primarily due to higher operating income, lower prepayments and lower pension contribution, partially offset by lower level of collection of receivables, and higher level of settlement of accounts payable, accrued expense and other current liabilities.

Cash flows provided by operating activities of our Wireless business segment increased by Php11,134 million, or 32%, to Php46,256 million for the nine months ended September 30, 2020 from Php35,122 million in the same period in 2019, primarily due to higher operating income, lower prepayments and lower level of settlement of accounts payable, accrued expense and other current liabilities, partially offset by lower level of collection of receivables and higher inventories. Cash flows provided by operating activities of our Fixed Line business segment increased by Php6,354 million, or 30%, to Php27,280 million for the nine months ended September 30, 2020 from Php20,926 million in the same period in 2019 primarily due higher operating income, lower level of settlement of accrued expense and other current liabilities, lower pension contribution and lower prepayments, partially offset by lower level of collection of receivables and higher level of settlement of accounts payable. Cash flows provided by operating activities of our Other business segment amounted to Php902 million for the nine months ended September 30, 2020, as against cash flows used in operating activities of Php229 million in the same period in 2019, primarily due to lower level of settlement of accounts payables, partially offset by lower level of collection of receivables.

Investing Activities

Consolidated net cash flows used in investing activities amounted to Php56,210 million for the nine months ended September 30, 2020, a decrease of Php2,339 million, or 4%, from Php58,549 million in the same period in 2019, primarily due to the combined effects of the following: (1) net additions to right-of-use assets of Php2,251 million in 2019; (2) higher level of collection of MPIC receivables by Php1,055 million; (3) lower payment for purchase of property and equipment, including capitalized interest, by Php894 million; (4) higher proceeds from disposal of Rocket internet shares by Php487 million; (5) lower interest received by Php308 million; (6) net payment for purchase of short-term investment of Php310 million in 2020 as against net proceeds from maturity of short-term investments of Php731 million in 2019; and (7) net payment for purchase of investment in debt securities of Php1,044 million in 2020.

Our consolidated payment for purchase of property and equipment, including capitalized interest, for the nine months ended September 30, 2020 totaled Php60,263 million, a decrease of Php894 million, or 1%, as compared with Php61,157 million in the same period in 2019. Smart's capital spending decreased by Php7,708 million, or 20%, to Php31,583 million for the nine months ended September 30, 2020 from Php39,291 million in the same period in 2019. Smart's capex spending was primarily focused on expansion of LTE (4G) coverage and capacity, and rollout of 5G base stations in key business districts of Metro Manila, and key cities in Visayas and Mindanao. PLDT's capital spending increased by Php7,299 million, or 35%, to Php27,915 million for the nine months ended September 30, 2020 from Ph20,616 million in the same period in 2019. PLDT's capex spending was used to finance the fixed line expansion, modernization and upgrade of transport network, continuous expansion of fiber optic footprint nationwide, and expansion of our international submarine cable network. The balance represents other subsidiaries' capital spending.

As part of our growth strategy, we may from time to time, continue to make acquisitions and investments in companies or businesses.

Financing Activities

On a consolidated basis, cash flows provided by financing activities amounted to Php1,412 million for the nine months ended September 30, 2020, as against cash flows used in financing activities of Php23,188 million in the same period in 2019, primarily due to the combined effects of the following: (1) higher proceeds from availment of long-term debt by Php29,541 million; (2) lower payments of long-term debt by Php663 million; (3) higher payment of debt issuance costs by Php754 million; (4) higher cash dividends paid by Php1,464 million; and (5) higher interest paid by Php3,246 million.

Debt Financing

Proceeds from availment of long-term and short-term debts for the nine months ended September 30, 2020 amounted to Php47,541 million and Php10,000 million, respectively, mainly from PLDT's issuance of fixed rate U.S. Dollar notes and PLDT's and Smart's drawings related to refinancing of maturing loan obligations, prepayment of outstanding loans and financing of capital expenditure requirements. Payments of principal on our long-term and short-term debts for the nine months ended September 30, 2020 amounted to Php14,963 million and Php10,000 million, respectively, while payment of interest amounted to Php8,498 million.

Our consolidated long-term debt increased by Php30,266 million, or 16%, to Php222,822 million as at September 30, 2020 from Php192,556 million as at December 31, 2019, primarily due to issuance of fixed rate U.S. Dollar notes and drawings from our long-term and short-term facilities, partly offset by debt amortizations and prepayments. As at September 30, 2020, Smart's long-term debt level decreased to Php78,105 million from Php78,152 as at December 31, 2019, and PLDT's long-term debt level increased by 26% to Php144,717 million from Php114,404 million as at December 31, 2019.

See *Note 21 – Interest-bearing Financial Liabilities – Long-term Debt* to the accompanying unaudited consolidated financial statements for a more detailed discussion of our long-term debt.

Debt Covenants

Our consolidated debt instruments contain restrictive covenants, including covenants that require us to comply with specified financial ratios and other financial tests, calculated in conformity with PFRS, at relevant measurement dates, principally at the end of each quarterly period. We have complied with all of our maintenance financial ratios as required under our loan covenants and other debt instruments.

As at September 30, 2020 and 2019, we are in compliance with all of our debt covenants.

See *Note 21 – Interest-bearing Financial Liabilities – Compliance with Debt Covenants* to the accompanying unaudited consolidated financial statements for a more detailed discussion of our debt covenants.

Financing Requirements

We believe that our available cash, including cash flows from operations, will provide sufficient liquidity to fund our projected operating, investment, capital expenditures and debt service requirements for the next 12 months; however, we may finance a portion of these from external sources if we consider it prudent to do so.

The following table shows the dividends declared to shareholders for the nine months ended September 30, 2020 and 2019:

Class	Date			Amount	
	Approved[1]	Record	Payable	Per Share	Total
				(in million Php, except per share amount)	
2020					
Common					
Regular Dividend	March 5, 2020	March 19, 2020	April 3, 2020	39	8,426
	August 6, 2020	August 20, 2020	September 4, 2020	38	8,210
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[1]	January 28, 2020	February 24, 2020	March 15, 2020	–	12
	May 7, 2020	May 21, 2020	June 15, 2020	–	13
	August 6, 2020	August 20, 2020	September 15, 2020	–	12
Voting Preferred Stock	March 5, 2020	March 25, 2020	April 15, 2020	–	3
	June 9, 2020	June 24, 2020	July 15, 2020	–	2
	September 29, 2020	October 13, 2020	October 15, 2020	–	2
Charged to Retained Earnings					16,680
2019					
Common					
Regular Dividend	March 21, 2019	April 4, 2019	April 23, 2019	36	7,778
	August 8, 2019	August 27, 2019	September 10, 2019	36	7,778
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[1]	January 29, 2019	February 22, 2019	March 15, 2019	–	12
	May 9, 2019	May 24, 2019	June 15, 2019	–	12
	August 8, 2019	August 27, 2019	September 15, 2019	–	12
Voting Preferred Stock	March 7, 2019	March 27, 2019	April 15, 2019	–	3
	June 11, 2019	June 28, 2019	July 15, 2019	–	2
	September 24, 2019	October 8, 2019	October 15, 2019	–	2
Charged to Retained Earnings					15,599

(1) *Dividends were declared based on total amount paid up.*

Our dividends declared after September 30, 2020 are as follow:

Class	Date			Amount	
	Approved[1]	Record	Payable	Per Share	Total
				(in million Php, except per share amount)	
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[1]	November 5, 2020	November 19, 2020	December 15, 2020	–	12
Charged to Retained Earnings					12

(1) *Dividends were declared based on total amount paid up.*

See *Note 20 – Equity* to the accompanying unaudited consolidated financial statements for further details.

Changes in Financial Conditions

Our total assets amounted to Php547,433 million as at September 30, 2020, an increase of Php22,406 million, or 4%, from Php525,027 million as at December 31, 2019, primarily due to higher property and equipment, cash and cash equivalents, prepayments and trade receivables and other receivables.

Our total liabilities amounted to Php428,782 million as at September 30, 2020, an increase of Php20,045 million, or 5%, from Php408,737 million as at December 31, 2019, primarily due to higher interest-bearing financial liabilities, partially offset by lower accounts payable.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements that have or are reasonably likely to have any current or future effect on our financial position, results of operations, cash flows, changes in stockholders' equity, liquidity, capital expenditures or capital resources that are material to investors.

Equity Financing

On August 2, 2016, the PLDT Board of Directors approved the amendment of our dividend policy, reducing our dividend payout rate to 60% of our core earnings per share as regular dividends. This was in view of the elevated capital expenditures to support the build-out of a resilient and reliable data network, lower EBITDA primarily due to higher subsidies to grow the data business and defend market share, and the resources required to support the acquisition of SMC's telecommunications business. In declaring dividends, we take into consideration the interest of our shareholders, as well as our working capital, capital expenditures and debt servicing requirements. The retention of earnings may be necessary to meet the funding requirements of our business expansion and development programs. However, in the event that no investment opportunities arise, we may consider the option of returning additional cash to our shareholders in the form of special dividends of up to the balance of our core earnings or to undertake share buybacks. We were able to pay out approximately 100% of our core earnings for seven consecutive years from 2007 to 2013, approximately 90% of our core earnings for 2014, 75% of our core earnings for 2015, 60% of our core earnings for 2016, 2017 and 2018, and 60% of our telco core income for 2019. The accumulated equity in the net earnings of our subsidiaries, which form part of our retained earnings, are not available for distribution unless realized in the form of dividends from such subsidiaries. Dividends are generally paid in Philippine pesos. In the case of shareholders residing outside the Philippines, PLDT's transfer agent in Manila, Philippines, as the dividend-disbursing agent, converts the Philippine peso dividends into U.S. dollars at the prevailing exchange rate and remits the dollar dividends abroad, net of any applicable withholding tax.

Our subsidiaries pay dividends subject to the requirements of applicable laws and regulations and availability of unrestricted retained earnings, without any restriction imposed by the terms of contractual agreements. Notwithstanding the foregoing, the subsidiaries of PLDT may, at any time, declare and pay such dividends depending upon the results of operations and future projects and plans, the respective subsidiary's earnings, cash flow, financial condition, capital investment requirements and other factors.

Consolidated cash dividend payments amounted to Php17,020 million for the nine months ended September 30, 2020 as compared with Php15,556 million paid to shareholders in the same period in 2019.

Contractual Obligations and Commercial Commitments

Contractual Obligations

For a detailed discussion of our consolidated contractual undiscounted obligations as at September 30, 2020 and December 31, 2019, see *Note 28 – Financial Assets and Liabilities* to the accompanying unaudited consolidated financial statements.

Commercial Commitments

Our outstanding consolidated commercial commitments, in the form of letters of credit, amounted to nil as at September 30, 2020 and December 31, 2019.

Quantitative and Qualitative Disclosures about Market Risks

The main risks arising from our financial instruments are liquidity risk, foreign currency exchange risk, interest rate risk and credit risk. The importance of managing those risks has significantly increased in light of the considerable change and volatility in both the Philippine and international financial markets. Our Board of Directors reviews and approves policies for managing each of these risks. We also monitor the market price risk arising from all financial instruments.

For further discussions of these risks, see *Note 28 – Financial Assets and Liabilities* to the accompanying unaudited consolidated financial statements.

The following table sets forth the estimated consolidated fair values of our financial assets and liabilities recognized as at September 30, 2020 and December 31, 2019 other than those whose carrying amounts are reasonable approximations of fair values:

	Fair Values	
	September 30, 2020	December 31, 2019
	(amounts in million Php)	
Noncurrent Financial Assets		
Debt instruments at amortized cost	1,172	–
Other financial assets – net of current portion	2,595	1,657
Total noncurrent financial assets	3,767	1,657
Noncurrent Financial Liabilities		
Interest-bearing financial liabilities	202,577	169,965
Customers' deposits	1,719	1,539
Deferred credits and other noncurrent liabilities	2,231	1,953
Total noncurrent financial liabilities	206,527	173,457

The following table sets forth the amount of gains (losses) recognized for the financial assets and liabilities for the nine months ended September 30, 2020 and the six months ended June 30, 2020:

	September 30, 2020	June 30, 2020
	(amounts in million Php)	
Profit and Loss		
Interest income	911	686
Losses on derivative financial instruments – net	(341)	(132)
Accretion on financial liabilities	(104)	(63)
Interest on loans and other related items	(7,738)	(5,026)
Other Comprehensive Income		
Net fair value losses on cash flow hedges – net of tax	(213)	(35)

Impact of Inflation and Changing Prices

Inflation can be a significant factor in the Philippine economy, and we are continually seeking ways to minimize its impact. The average inflation rate in the Philippines for the nine months ended September 30, 2020 and 2019 were 2.5% and 2.8%, respectively. We expect inflation to stay within the 2% to 4% target range of the BSP.

PART II – OTHER INFORMATION

Sale of Rocket Internet Shares

In September 2020, PLDT Online sold 1.4 million Rocket internet shares for an aggregate amount of €26 million, or Php1,508 million, reducing the equity ownership in Rocket Internet from 1.4% to 0.4%.

In October 2020, PLDT Online sold 0.5 million Rocket internet shares for an aggregate amount of €9 million, or Php509 million, resulting in the full divestment of the investment in Rocket Internet.

Sale and Leaseback

On January 28, 2020, PLDT was authorized by the Board of Directors to negotiate and enter into a contract for the sale of Smart Towers Property. The transaction is subject to the compulsory notification process of the Philippine Competition Commission, or PCC, pursuant to Sections 12(b) and 16 of the Philippine Competition Act.

After undertaking the compulsory notification process, PLDT, on September 3, 2020, received the PCC Decision No. 16-M-013/2020 stating that the PCC resolves to take no further action on the transaction considering that it will not likely result in substantial lessening of competition due to the existence of sufficient competitive constraints.

On October 5, 2020, PLDT signed the sale agreement with the buyer and received in full the consideration of Php5.5 billion plus 12% VAT. The sale excluded the assets owned or used by PLDT and Smart in their telecommunications business. Smart, the current lessee of the property, continued to occupy the property pursuant to a new contract of lease with the buyer executed on October 5, 2020.

Measures We Have Taken in Light of the Covid-19 Pandemic

In a move to contain the COVID-19 pandemic, on March 12, 2020, the Office of the President of the Philippines issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months from March 17, 2020 (at midnight), unless earlier lifted or extended as circumstances may warrant, and imposed an enhanced community quarantine, ECQ, throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended as circumstances may warrant. On March 24, 2020, Republic Act No. 11469, otherwise known as the “Bayanihan to Heal As One Act”, was signed into law, declaring a state of national emergency over the entire country, and authorizing the President of the Philippines to exercise certain powers necessary to address the COVID-19 pandemic. On April 7, 2020, the Office of the President of the Philippines released a memorandum extending the ECQ over the entire Luzon island until April 30, 2020. On May 1, 2020, the Government further extended the ECQ over, among others, certain portions of Luzon, including Metro Manila, until May 15, 2020, while easing restrictions in other parts of the country. On May 11, 2020, the Inter-Agency Task Force for the Management of Emerging Infectious Diseases, IATF, placed high-risk local government units under modified ECQ, or MECQ, from May 16, 2020 until May 31, 2020, where certain industries were allowed to operate under strict compliance with minimum safety standards and protocols. On May 27, 2020, the IATF reclassified various provinces, highly urbanized cities and independent component cities depending on the risk-level. Meanwhile, on May 28, 2020, the Government placed Metro Manila under general community quarantine, allowing for the partial reopening of certain businesses and public transportation while continuing to limit general movements. Pursuant to the declaration of the President on August 2, 2020, the National Capital Region and the provinces of Laguna, Cavite, Rizal and Bulacan were placed under modified ECQ from August 4, 2020 until August 18, 2020. On August 17, 2020, the President placed Metro Manila, Bulacan, Cavite, Rizal, Nueva Ecija, Batangas, Quezon Province, Iloilo City, Cebu City, Lapu-lapu City, Mandaue City, Talisay City, the municipalities of Minglanilla and Consolacion in Cebu under GCQ. The rest of the country was placed under modified GCQ effective August 19, 2020. The period of GCQ for Metro Manila was extended until November 30, 2020. On August 17, 2020, the President placed Metro Manila, Bulacan, Cavite, Laguna, Rizal, Nueva Ecija, Batangas, Quezon Province, Iloilo City, Cebu City, Lapu Lapu City, Mandaue City, Talisay City, the municipalities of Minglanilla and Consolacion in Cebu under GCQ. The rest of the country was placed under modified GCQ effective August 19, 2020. The period of GCQ for Metro Manila was extended until November 30, 2020.

On September 15, 2020, Republic Act No. 11494, otherwise known as the "Bayanihan to Recover As One Act", was signed into law, providing for COVID-19 response and recovery interventions and providing mechanisms to accelerate the recovery and bolster the resiliency of the Philippine economy, providing funds therefor and for other purposes. Apart from authorizing the President to exercise powers necessary to undertake certain Covid-19 response and recovery interventions, Republic Act No. 11494 also affirmed the existence of a continuing national emergency, in view of unabated spread of COVID-19 and the ensuing economic disruption therefrom.

On September 16, 2020, the Presidential Proclamation No. 1021 was issued, extending the State of Calamity throughout the Philippines due to COVID-19 for a period of one year effective September 13, 2020 to September 12, 2021, unless earlier lifted or extended as circumstances may warrant.

These measures have caused disruption to businesses and economic activities, and their impact on businesses continues to evolve.

In light of the foregoing, we have conducted an analysis of PLDT's risks, and have implemented the following measures to protect our employees, customers and trade partners.

People

On March 9, 2020, we instituted a travel ban to high risk countries covering our employees and implemented a partial lockdown of our corporate premises with access limited only to employees. On March 12, 2020, we imposed a ban on all foreign travel.

To minimize exposure of our employees to the COVID-19 virus as well as to prevent its further spreading, we implemented a Work from Home, or WFH, policy, which came into effect on March 11, 2020. Certain of our employees are allowed to work from home until the spread of the virus is brought under control in the Philippines. To ensure minimal disruption to our operations, we have taken steps to ensure that employees working from home are properly equipped with the appropriate digital equipment, including internet connection. For the employees that continue to work on-site, we have taken steps to try and minimize their risk of exposure to the COVID-19 virus.

On May 27, 2020, we began a partial "return to work" process under guidelines that aligned with the minimum workplace requirements for areas under MECQ and general community quarantine as set out in the latest issuances by various Government agencies.

While the Government has clarified that COVID-19 testing is not mandatory or a pre-requisite to resuming operations, we have partnered with Metro Pacific Hospital Holdings, Inc. and accredited clinics to conduct rapid testing on our employees nationwide in phases to help prevent the risk of infection in the workplace. The rapid test assesses whether a person has been exposed to the virus, aiding doctors in evaluating the patient and determining whether additional testing is required. Testing commenced on May 20, 2020 and was done in batches, prioritizing field-based and store-based personnel. Given the lack of public transportation, employees with private vehicles and who test negative will be prioritized for return to work operations. For those without private vehicles or other safe and reliable means of transport, we are evaluating various options, including the possibility of shuttle services to ensure employees are safely transported to and from work.

To ensure that our workplace is safe and ready for re-occupancy, we have implemented a number of policies and procedures and are undertaking various initiatives. For example, employees are required to wear proper personal protective equipment in the workplace at all times and in the proper manner. We will provide protective equipment to each employee depending on his/her work arrangement — whether in the field, in an office, or a retail store. In addition, we implemented physical distancing guidelines and various protocols, including temperature scanning, daily health declarations, observance of one-way traffic on all corridors, general disinfection of common areas every two hours, ultraviolet cleaning and a visitor screening policy. We have also installed markers, signage, sneeze guards and high efficiency particulate air (HEPA) filter appliances and cleaned our airconditioning ducts.

In preparation for our employees' return to the workplace, e-learning modules focused on health and safety protocols were deployed, with 10,000 employees completing the course to date. A webinar on "Getting Back on Tracking: The Right Mindset for the New Normal" was also rolled out to 3,353 targeted employees. Along with this, company-wide virtual talks with Q&A sessions for "Mental Health Amid COVID-19" and "Mental Wellness in the New Normal" were conducted by health professionals to help employees cope with COVID-19-related anxieties.

To further protect our employees' welfare, PLDT Medical Services readily supplies maintenance medicines and multivitamins through our in-house clinics nationwide, and in partnership with Mercury Drugstores and MedExpress Delivery. Internal channels for 24/7 COVID-19-related assistance are also available for our workforce.

On top of this is a 24/7 InfoMed hotline that is ready to address medical-related concerns and health benefits PLDT personnel may have. Employees can reach out to advisers on questions related to internal guidelines, safety protocols, rapid testing, shuttle services and the like through the COVID-19 Employee Hotline from Mondays to Fridays from 8AM to 5PM. A COVID-19 Online Helpdesk on Workplace by Facebook was also set up for all internal inquiries.

We have identified the types of employees who are most at risk of COVID-19 based on local guidelines issued by various Government agencies. This includes pregnant employees, those with pre-existing conditions or co-morbidities and those aged 60 years or above. Employees who fall within this group and have asked or are asked to report for work in the workplace must first obtain clearance from the PLDT medical services team and strictly comply with all health and safety protocols to ensure their continued well-being.

For health monitoring purposes, a coronavirus online form is required to be completed by employees if they are experiencing symptoms or have been exposed to a COVID-19 patient or suspect. The COVID-19 self-check chatbot, our employees' daily health assessment and security requirement for returning to work, is housed in the company's internal social media platform (Workplace by Facebook). The PLDT medical services team closely monitors both the coronavirus online form and chatbot.

We have issued instructions and guidelines to our trade partners on how to best deal with the COVID-19 outbreak

Network and IT

As more and more people in the Philippines choose to work from home, we have been experiencing a significant increase in the usage of our internet services. Since the beginning of the COVID-19 outbreak in the Philippines, we have been closely monitoring our network traffic for usage spikes and possible congestion. As of the date of this report, we have sufficient capacity to serve the increased needs of all our subscribers. We have added international and domestic internet capacity, upgraded our local content delivery network, and reassigned our 2G frequencies to LTE and temporarily reassigned our 5G frequencies to LTE in order to augment our internet capacity. We have taken steps to enhance security for premises in which our critical network and IT systems are kept. We have also moved essential spare parts and supplies from our remote warehouses to Metropolitan Manila to help us undertake maintenance and repairs more efficiently.

Customer Service

To provide customers with connectivity when they need it the most, we provided zero-rated access to certain government agencies and emergency hotlines, boosted minimum speeds for our PLDT Home subscribers, increased data allocations for postpaid and prepaid customers, equipped our corporate customers with telecommuting solutions, suspended disconnections for our postpaid customers, free use of selected business corporations for corporate customers and for our OFWs extended duration of free calls through our Free Bee app. On May 1, 2020, we implemented a six-month installment payment program for the outstanding monthly bills of our postpaid subscribers. Under this payment program, PLDT Home, Smart and Sun consumer postpaid subscribers can settle their unpaid balances as of April 30, 2020 in six equal monthly payments with 0% interest and no penalties.

In cases where our service teams need to enter customers' homes or business premises, we have equipped them with protective gear such as face masks and gloves. Members of our service teams have also been trained in the proper health protocols for before, during, and after site visits, including maintaining proper social distances with customers at all times.

We have taken the following precautionary measures at our stores:

- provided 70% alcohol at all counters for employees and customers;
- provided anti-bacterial wipes and alcohol pads to sanitize work area after each transaction;
- provided anti-bacterial spray to sanitize the air and incoming deliveries;
- provided handheld infrared thermometers for employees to take temperatures of all visitors to our stores, including customers and third-party personnel; and
- provided facial masks for customer-facing employees.

U.S. Dollar Global Notes

On June 23, 2020, PLDT issued US$300 million long 10-year and US$300 million 30-year senior unsecured fixed-rate notes with coupon of 2.50% and 3.45%, respectively. Proceeds from the issuance of these notes will be used to refinance maturing debt obligations, prepay outstanding loans, and partially finance capital expenditures. The 2031 Notes will mature on January 23, 2031 and the 2050 Notes will mature on June 23, 2050.

Investment of PLDT Online in iflix

On June 19, 2020, iflix entered into an asset purchase agreement with Tencent group relating to the sale of its major assets including trademark, content, platform and resources for a total consideration of US$22.5 million. Upon closing of the transaction on June 24, 2020, the remaining assets of iflix are its existing cash, receivables and the right to pursue certain ongoing arbitration proceedings against certain business counterparties which it intends to use for the settlement of its liabilities. As a result, PLDT Online valued at nil its insvestment in iflix composed of ordinary and Series B Preferred Shares which rank last and second to the last, respectively, with respect to rights upon liquidation, dissolution and winding up of iflix.

Asia Direct Cable Consortium, or the ADC Consortium, to Build a New Asia Pacific Submarine Cable

The ADC Consortium, to which the PLDT is party, is in the process of constructing a 9,400-kilometer long high-performance submarine cable line connecting six major countries in East Asia and Southeast Asia. Construction began in February 2020 and is expected to be completed in the fourth quarter of 2022. The cable is expected to feature multiple pairs of high capacity optical fibers and is designed to carry more than 140 Tbps of traffic, enabling high capacity transmission of data across the East Asia and Southeast Asia regions.

Partnership With Orange International Carriers ("Orange")

In May 2020, PLDT announced that it had entered into a partnership with Orange, the wholesale arm of the Orange Group, for international voice aggregation services to deliver better quality service to millions of customers globally. As the preferred aggregator for voice traffic, Orange will handle all global inbound traffic terminating on the PLDT and Smart networks.

Orange's experience and expertise will be available to PLDT for the management of its global partner portfolio. The partnership agreement also includes support from Orange's global sales team in the joint implementation of various voice traffic management solutions. Additionally, in a move to increase voice traffic and security, Orange will guarantee the value of PLDT voice traffic with its industry-leading anti-fraud voice solutions.

Commitment of New Investments in Voyager Innovations Holdings, Pte. Ltd., or VIH

On April 16, 2020, PLDT, through PCEV, KRR, Tencent, IFC and IFC Emerging Asia Fund, or the Subscribers, entered into a new subscription agreement with VIH to commit up to US$120 million of new funding. The Notes Subscription Agreement covers the issuance of VIH's Convertible Loan Notes, or the VIH Notes, with an aggregate principal amount of US$65 million and issuance of Warrants with an aggregate subscription amount of US$55 million.

On May 14, 2020, VIH issued the Convertible Loan Note Instruments and Warrant Certificates to the Subscribers. PCEV paid US$10.8 million for the VIH Notes and received a Warrant Certificate amounting to US$9.2 million.

VIH will use the funds to support PayMaya's rapid growth as it pursues its mission to accelerate digital and financial inclusion in the Philippines and enable the wider Filipino population to participate in the digital economy.

Amendments to the Articles of Incorporation of PLDT

On April 8, 2020 and June 9, 2020, the Board of Directors and stockholders, respectively, approved the amendment of the Second Article of the Articles of Incorporation of PLDT, or the Amendment, (a) to reflect the current focus of PLDT's business, which is the provision of telecommunications services through trending and constantly evolving technologies and innovative products and services; and (b) to allow sufficient flexibility for the PLDT business units to design their operations and expand their products and services by constantly transforming PLDT from being the country's leading telecommunications company to a dynamic and customer-centric multi-media organization.

On September 28, 2020, the application for the Amendment of the Articles of Incorporation of PLDT was submitted to the Philippine SEC for review and approval.

Expiration of PLDT-Maratel, Inc.'s ("Maratel") Legislative Franchise

Effective April 27, 2020, Maratel ceased to operate as a telecommunications service provider, following the expiration of its legislative franchise, Republic Act No. 7970. In order to ensure continued customer service, Maratel assigned its assets and subscribers to PLDT for a total consideration of Php500 million. The NTC did not object to the transfer of Maratel subscribers to PLDT, subject to certain conditions. The PLDT Board of Directors had approved the acquisition of Maratel's assets and subscribers on November 7, 2019. This transaction was eliminated in our consolidated financial statements.

Redemption of SIP Shares

On January 28, 2020, the Board authorized the redemption of shares of PLDT's Series JJ 10% Cumulative Convertible Preferred Stock (the "SIP Shares") which were issued in the year 2014, effective May 12, 2020. The record date for the determination of the holders of outstanding SIP Shares subject for redemption is February 11, 2020.

Expiration of SubicTel's Franchise

Effective January 23, 2020, PLDT Subic Telecom, Inc., or SubicTel ceased to operate as a telecommunications service provider, pursuant to the expiration of its franchise issued by the Subic Bay Metropolitan Authority, or SBMA. In order to facilitate continued customer service, arrangements have been made between SubicTel and PLDT where PLDT would make its services available to the affected SubicTel subscribers on a voluntary basis and assigned the assets and subscribers to PLDT for a consideration of Php622 million. The NTC did not object to the transfer of SubicTel subscribers to PLDT, subject to certain conditions. Likewise, the SBMA Board approved the issuance of Certificate of Registration to PLDT to operate within SBMA. The PLDT Board of Directors had approved the acquisition of the assets and subscribers of SubicTel on September 24, 2019. This transaction was eliminated in our consolidated financial statements.

Smart, Globe and Dito Joint Venture on Mobile Number Portability

In 2019, Smart, along with Globe and Dito entered into an agreement to form a joint venture that will address the requirements of Republic Act No. 11202, or the MNP Act. The newly enacted law allows mobile phone users to switch networks or change their subscription from prepaid to postpaid or vice versa, without changing their mobile numbers.

The joint venture company, TCI was incorporated in the Philippines on December 26, 2019 and registered with the Philippine SEC on January 17, 2020. The primary purpose of the joint venture is to serve as a clearing house for MNP. TCI will ensure smooth implementation of mobile number porting services. Smart subscribed to Php10 million representing 33.3% equity interest in TCI, which is equivalent to 10 million shares at a subscription price of Php1.00 per share.

Attys. Baquiran and Tecson vs. NTC, et al.

This is a Petition for Mandamus filed on October 23, 2018 by Attys. Joseph Lemuel Baligod Baquiran and Ferdinand C. Tecson against the Respondents NTC, the PCC, Liberty, BellTel, Globe, PLDT and Smart. Briefly, the case involves the 700 MHz frequency, among others, or Subject Frequencies, that was originally assigned to Liberty and which eventually became subject of the Co-Use Agreement between Globe, on the one hand, and PLDT and Smart, on the other.

For updates relating to the above discussion, please see *Note 27 – Provisions and Contingencies* to the accompanying unaudited consolidated financial statements.

For updates on matters relating to the (1) Department of Labor and Employment, or DOLE, Compliance Order to PLDT, see *Note 27 – Provisions and Contingencies*; (2) Petition against the Philippine Competition Commission, see *Note 11 – Investment in Associates and Joint Ventures*; and (3) Wilson Gamboa and Jose M. Roy III Petition, see *Note 27 – Provisions and Contingencies*, to the accompanying unaudited consolidated financial statements.

Related Party Transactions

For a detailed discussion of the related party transactions, see *Note 25 – Related Party Transactions* to the accompanying unaudited consolidated financial statements.

ANNEX I – AGING OF ACCOUNTS RECEIVABLE

The following table shows the aging of our consolidated receivables as at September 30, 2020:

Type of Accounts Receivable	Total	Current	31-60 Days	61-90 Days	Over 91 Days
			(amounts in million Php)		
Retail subscribers	17,420	7,609	2,699	631	6,481
Corporate subscribers	15,284	5,442	2,672	1,090	6,080
Foreign administrations	1,791	832	189	49	721
Domestic carriers	178	15	5	18	140
Dealers, agents and others	6,408	2,863	289	100	3,156
Total	41,081	16,761	5,854	1,888	16,578
Less: Allowance for doubtful accounts	16,103				
Total Receivables - net	24,978				

ANNEX II – FINANCIAL SOUNDNESS INDICATORS

The following table shows our financial soundness indicators as at September 30, 2020 and December 31, 2019:

	September 30, 2020	**December 31, 2019**
Current Ratio[1]	0.42:1.0	0.37:1.0
Acid Test Ratio[2]	0.29:1.0	0.23:1.0
Solvency Ratio[3]	0.35:1.0	0.35:1.0
Net Debt to Equity Ratio[4]	1.64:1.0	1.50:1.0
Net Debt to EBITDA Ratio[5]	2.14:1.0	2.10:1.0
Total Debt to EBITDA Ratio[6]	2.54:1.0	2.41:1.0
Asset to Equity Ratio[7]	4.79:1.0	4.69:1.0
Interest Coverage Ratio[8]	4.80:1.0	4.63:1.0
Profit Margin[9]	15%	13%
Return on Assets[10]	5%	5%
Return on Equity[11]	24%	20%
EBITDA Margin[12]	49%	49%

(1) Current ratio is measured as current assets divided by current liabilities (including current portion – LTD, unearned revenues and mandatory tender option liability.)
(2) Acid test ratio is measured as total of cash and cash equivalent, short-term investments and trade and other receivables divided by total current liabilities.
(3) Solvency ratio is measured as adding back non-cash expenses to the net income after tax divided by total debt (long-term debt, including current portion.)
(4) Net Debt to equity ratio is measured as total debt (long-term debt, including current portion) less cash and cash equivalent and short-term investments divided by total equity attributable to equity holders of PLDT.
(5) Net Debt to EBITDA ratio is measured as total debt (long-term debt, including current portion) less cash and cash equivalent and short-term investments divided by EBITDA for the period.
(6) Total Debt to EBITDA ratio is measured as total debt (long-term debt, including current portion) divided by EBITDA for the period.
(7) Asset to equity ratio is measured as total assets divided by total equity attributable to equity holders of PLDT.
(8) Interest coverage ratio is measured by EBIT, or earnings before interest and taxes for the period, divided by total financing cost for the period.
(9) Profit margin is derived by dividing net income for the periodwith total revenues for the period.
(10)Return on assets is measured as net income for the period divided by average total assets.
(11)Return on Equity is measured as net income for the period divided by average total equity attributable to equity holders of PLDT.
(12)EBITDA margin for the period is measured as EBITDA divided by service revenues for the period.
EBITDA for the period is measured as net income for the period excluding depreciation and amortization, amortization of intangible assets, asset impairment on noncurrent assets, financing cost, interest income, equity share in net earnings (losses) of associated and joint ventures, foreign exchange gains (losses) – net, gains (losses) on derivative financial instruments – net, provision for (benefit from) income tax and other income (expenses) – net for the period.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report for the first nine months of 2020 to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: **PLDT Inc.**

Signature and Title ______________________________

MANUEL V. PANGILINAN
Chairman of the Board
President and Chief Executive Officer

Signature and Title: ______________________________

ANABELLE LIM-CHUA
Senior Vice President
(Principal Financial Officer)

Signature and Title: ______________________________

JUNE CHERYL A. CABAL-REVILLA
Senior Vice President
(Principal Accounting Officer)

Date: November 5, 2020