May 7, 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 three (3) months ended March 31, 2020.

Very truly yours,

MA. LOURDES C. RAUSA-CHAN
Corporate Secretary

PLDT

May 7, 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 three (3) months ended March 31, 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)

March 31, 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)

RAMON COJUANGCO BUILDING

MAKATI AVENUE MAKATI CITY

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
11,589 as at March 31, 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 **March 31, 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 March 31, 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 March 31, 2020 (unaudited) and December 31, 2019 (audited) and for the three months ended March 31, 2020 and 2019 (unaudited) and related notes (pages F-1 to F-162) 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 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 Php50.78 to US$1.00, the exchange rate as at March 31,2020 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

	Three months ended March 31,		Increase (Decrease)	
	2020	2019[(1)]	Amount	%
(amounts in million Php, except for EBITDA margin and earnings per common share)				
Consolidated Income Statement				
Revenues	43,646	40,618	3,028	7
Expenses	32,528	30,313	2,215	7
Other income (expenses) – net	(2,787)	(1,292)	(1,495)	(116)
Income before income tax	8,331	9,013	(682)	(8)
Net income	5,975	6,723	(748)	(11)
Core income	6,397	6,596	(199)	(3)
Telco core income	6,878	7,203	(325)	(5)
EBITDA	21,612	19,847	1,765	9
EBITDA margin[(2)]	52%	51%	—	—
Reported earnings per common share:				
Basic	27.30	30.98	(3.68)	(12)
Diluted	27.30	30.98	(3.68)	(12)
Core earnings per common share[(3)]:				
Basic	29.54	30.46	(0.92)	(3)
Diluted	29.54	30.46	(0.92)	(3)

	March 31,	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	545,352	525,027	20,325	4
Property and equipment	242,512	232,134	10,378	4
Cash and cash equivalents and short-term investments	33,893	24,683	9,210	37
Total equity attributable to equity holders of PLDT	108,721	111,987	(3,266)	(3)
Long-term debt, including current portion	205,338	192,556	12,782	7
Net debt[(4)] to equity ratio	1.58x	1.50x	—	—

	Three months ended March 31,		Change	
	2020	2019	Amount	%
(amounts in million Php, except for operational data)				
Consolidated Statements of Cash Flows				
Net cash provided by operating activities	16,920	16,477	443	3
Net cash used in investing activities	(19,239)	(17,474)	(1,765)	(10)
Payment for purchase of property and equipment, including capitalized interest	*(17,074)*	*(18,938)*	*1,864*	*10*
Net cash used in financing activities	8,896	(5,385)	14,281	265
Operational Data				
Number of mobile subscribers	73,075,627	63,948,886	9,126,741	14
Prepaid	*70,590,758*	*61,585,197*	*9,005,561*	*15*
Postpaid	*2,484,869*	*2,363,689*	*121,180*	*5*
Number of broadband subscribers	2,282,788	2,016,507	266,281	13
Fixed Line broadband	*1,986,783*	*1,818,530*	*168,253*	*9*
Fixed Wireless broadband	*296,005*	*197,977*	*98,028*	*50*
Number of fixed line subscribers	2,801,187	2,707,077	94,110	3
Number of employees:	18,384	18,764	(380)	(2)
Fixed Line	12,504	12,440	64	1
LEC	*10,926*	*10,306*	*620*	*6*
Others	*1,578*	*2,134*	*(556)*	*(26)*
Wireless	5,880	6,324	(444)	(7)

(1) *Certain amounts for the three months ended March 31, 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
March 31, 2020	50.78	50.83
December 31, 2019	50.80	51.79
March 31, 2019	52.63	52.37
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 for the year 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 also as a supplemental disclosure because our management believes that it is widely used by investors in their analysis of the performance of PLDT and to assist them in their comparison of PLDT's performance with that 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, 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, cash flows from operations and cash flow data. 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

Core income for the year 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, other 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. The core income results are monitored by management for each business unit separately for purposes of making decisions about resource allocation and performance assessment. Also, core income as adjusted for the effect of the share in Voyager losses, accelerated depreciation and asset sales, or telco core income, is used by management as a basis of determining the level of dividend payouts to shareholders and basis of granting incentives to employees. 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 other 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 the largest and most diversified telecommunications company in the Philippines which delivers data and multimedia services nationwide. We have organized our business into business units based on our products and services and have three reportable operating segments which serve as the bases for management's decision to allocate resources and evaluate operating performance:

- *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., PLDT Subic Telecom, Inc., PLDT-Maratel, Inc., Bonifacio Communications Corporation and PLDT Global and certain subsidiaries, all of which together account for approximately 1% of our consolidated fixed line subscribers; 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 March 31, 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 for the three months ended March 31, 2020 and 2019 are set forth below.

The following table shows the reconciliation of our consolidated net income to our consolidated EBITDA for the three months ended March 31, 2020 and 2019:

	2020	2019
	(amounts in million Php)	
Consolidated net income	5,975	6,723
Add (deduct) adjustments:		
Depreciation and amortization	10,286	9,346
Provision for income tax	2,356	2,290
Financing costs – net	2,301	2,001
Equity share in net losses of associates and joint ventures	532	370
Amortization of intangible assets	176	196
Asset impairment	32	—
Foreign exchange losses – net	24	18
Losses on derivative financial instruments – net	12	3
Impairment of investments	—	34
Interest income	(358)	(552)
Other income – net	276	(582)
Total adjustments	15,637	13,124
Consolidated EBITDA	21,612	19,847

The following table shows the reconciliation of our consolidated net income to our consolidated core income for the three months ended March 31, 2020 and 2019:

	2020	2019
	(amounts in million Php)	
Consolidated net income	5,975	6,723
Add (deduct) adjustments:		
Unrealized losses (gains) in fair value of investments	456	(320)
Manpower rightsizing program	24	209
Foreign exchange losses – net	24	18
Losses (gains) on derivative financial instruments – net, excluding hedge costs	3	(10)
Impairment of investments	–	34
Core income adjustment on equity share in net losses (income) of associates and joint ventures	(6)	18
Net income attributable to noncontrolling interests	(63)	(15)
Net tax effect of aforementioned adjustments	(16)	(61)
Total adjustments	422	(127)
Consolidated core income	6,397	6,596

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 and core income for the three months ended March 31, 2020 and 2019. In each of the three months ended March 31, 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 three months ended March 31, 2020					
Revenues	25,354	22,695	–	(4,403)	43,646
Expenses	19,179	17,839	6	(4,496)	32,528
Other income (expenses) – net	(1,566)	(633)	(989)	401	(2,787)
Income (loss) before income tax	4,609	4,223	(995)	494	8,331
Provision for (benefit from) income tax	1,276	1,090	(98)	88	2,356
Net income (loss)/Segment profit (loss)	3,333	3,133	(897)	406	5,975
EBITDA	14,213	9,068	(6)	(1,663)	21,612
EBITDA margin[(1)]	60%	40%	–	–	52%
Core income (loss)	3,357	3,085	(451)	406	6,397
For the three months ended March 31, 2019					
Revenues	22,489	21,999	–	(3,870)	40,618
Expenses	17,135	17,014	6	(3,842)	30,313
Other income (expenses) – net	(1,292)	(537)	38	499	(1,292)
Income (loss) before income tax	4,062	4,448	32	471	9,013
Provision for (benefit from) income tax	1,159	1,118	13	–	2,290
Net income (loss)/Segment profit (loss)	2,903	3,330	19	471	6,723
EBITDA	12,166	9,044	(6)	(1,357)	19,847
EBITDA margin[(1)]	58%	42%	–	–	51%
Core income (loss)	2,984	3,408	(267)	471	6,596
Increase (Decrease)					
Revenues	2,865	696	–	(533)	3,028
Expenses	2,044	825	–	(654)	2,215
Other income (expenses) – net	(274)	(96)	(1,027)	(98)	(1,495)
Income (loss) before income tax	547	(225)	(1,027)	23	(682)
Provision for (benefit from) income tax	117	(28)	(111)	88	66
Net income (loss)/Segment profit (loss)	430	(197)	(916)	(65)	(748)
EBITDA	2,047	24	–	(306)	1,765
Core income (loss)	373	(323)	(184)	(65)	(199)

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

On a Consolidated Basis

Revenues

We reported consolidated revenues of Php43,646 million for the three months ended March 31, 2020, an increase of Php3,028 million, or 7%, as compared with Php40,618 million in the same period in 2019, primarily due to higher revenues from data services in our Wireless and Fixed Line business segments, and higher non-service revenues from our Wireless business segment, partially offset by lower revenues from voice, SMS and home broadband services in our Wireless business segment, and lower revenues from voice services and non-service revenues in our Fixed Line business segment.

Our consolidated service revenues of Php41,797 million for the three months ended March 31, 2020, increased by Php3,005 million, or 8%, from Php38,792 million in the same period in 2019, while our consolidated non-service revenues of Php1,849 million for the three months ended March 31, 2020, also increased by Php23 million, or 1%, from Php1,826 million in the same period in 2019.

Consolidated service revenues, net of interconnection costs, amounted to Php41,495 million for the three months ended March 31, 2020, an increase of Php3,538 million, or 9%, from Php37,957 million in the same period in 2019.

In 2019, R.A. 11202, otherwise known as the 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 three months ended March 31, 2020 and 2019:

	Wireless	Fixed Line	Others	Inter-segment Transactions	Consolidated
		(amounts in million Php)			
For the three months ended March 31, 2020					
Service Revenues					
Wireless	*23,683*			*(429)*	*23,254*
Mobile	23,495			(297)	23,198
Home broadband	13			—	13
MVNO and others	175			(132)	43
Fixed Line		*22,517*		*(3,974)*	*18,543*
Voice		6,322		(1,742)	4,580
Data		16,032		(2,140)	13,892
Home broadband		7,515		(23)	7,492
Corporate data and ICT		8,517		(2,117)	6,400
Miscellaneous		163		(92)	71
Others			—	—	—
Total Service Revenues	23,683	22,517	—	(4,403)	41,797
Non-Service Revenues					
Sale of computers, phone units, mobile handsets and broadband data modems	1,671	172	—	—	1,843
Point-product sales	—	6	—	—	6
Total Non-Service Revenues	1,671	178	—	—	1,849
Total Revenues	25,354	22,695	—	(4,403)	43,646
For the three months ended March 31, 2019					
Service Revenues					
Wireless	*21,122*			*(529)*	*20,593*
Mobile	20,711			(235)	20,476
Home broadband	27			—	27
MVNO and others	384			(294)	90
Fixed Line		*21,539*		*(3,340)*	*18,199*
Voice		6,349		(1,315)	5,034
Data		14,996		(1,937)	13,059
Home broadband		6,875		(47)	6,828
Corporate data and ICT		8,121		(1,890)	6,231
Miscellaneous		194		(88)	106
Others			—	—	—
Total Service Revenues	21,122	21,539	—	(3,869)	38,792
Non-Service Revenues					
Sale of computers, phone units, mobile handsets and broadband data modems	1,367	366	—	(2)	1,731
Point-product sales	—	94	—	1	95
Total Non-Service Revenues	1,367	460	—	(1)	1,826
Total Revenues	22,489	21,999	—	(3,870)	40,618

The following table shows the breakdown of our consolidated revenues by business segment for the three months ended March 31, 2020 and 2019:

	2020	%	2019	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	25,354	58	22,489	55	2,865	13
Fixed Line	22,695	52	21,999	54	696	3
Inter-segment transactions	(4,403)	(10)	(3,870)	(9)	(533)	(14)
Consolidated	43,646	100	40,618	100	3,028	7

Expenses

Consolidated expenses increased by Php2,215 million, or 7%, to Php32,528 million for the three months ended March 31, 2020 from Php30,313 million in the same period in 2019, primarily due to higher selling, general and administrative expenses, which include advance 13th month pay of employees and other enhanced community quarantine, or ECQ, related expenses, and depreciation and amortization in our Wireless and Fixed Line business segments, as well as higher cost of sales and services in our Wireless business segment and higher interconnection costs and provisions in our Fixed Line business segment, partially offset by lower interconnection costs and provisions in our Wireless business segment.

The following table shows the breakdown of our consolidated expenses by business segment for the three months ended March 31, 2020 and 2019:

					Change	
	2020	%	2019	%	Amount	%
			(amounts in million Php)			
Wireless	19,179	59	17,135	57	2,044	12
Fixed Line	17,839	55	17,014	56	825	5
Others	6	—	6	—	—	—
Inter-segment transactions	(4,496)	(14)	(3,842)	(13)	(654)	(17)
Consolidated	32,528	100	30,313	100	2,215	7

Other Income (Expenses) – Net

Consolidated other expenses amounted to Php2,787 million for the three months ended March 31, 2020, an increase of Php1,495 million from Php1,292 million in the same period in 2019, primarily due to the combined effects of the following: (i) unrealized losses on fair value in 2020 as against unrealized gains on fair value in 2019 of Rocket Internet investment, and higher equity share in net losses of VIH from our Other business segment; (ii) higher financing costs; and (iii) lower interest income.

The following table shows the breakdown of our consolidated other income (expenses) – net by business segment for the three months ended March 31, 2020 and 2019:

			Change	
	2020	2019	Amount	%
		(amounts in million Php)		
Wireless	(1,566)	(1,292)	(274)	(21)
Fixed Line	(633)	(537)	(96)	(18)
Others	(989)	38	(1,027)	(2,703)
Inter-segment transactions	401	499	(98)	(20)
Consolidated	(2,787)	(1,292)	(1,495)	(116)

Net Income (Loss)

Consolidated net income decreased by Php748 million, or 11%, to Php5,975 million for the three months ended March 31, 2020, from Php6,723 million in the same period in 2019, primarily due to net loss from our Other business segment as against net income in 2019, and lower net income from our Fixed Line business segment, partly offset by higher net income from our Wireless business segment. Our consolidated basic and diluted EPS decreased to Php27.30 for the three months ended March 31, 2020 from Php30.98 in the same period in 2019. Our weighted average number of outstanding common shares was approximately 216.06 million in each of the 2020 and 2019.

The following table shows the breakdown of our consolidated net income (loss) by business segment for the three months ended March 31, 2020 and 2019:

					Change	
	2020	%	2019	%	Amount	%
			(amounts in million Php)			
Wireless	3,333	56	2,903	43	430	15
Fixed Line	3,133	52	3,330	50	(197)	(6)
Others	(897)	(15)	19	—	(916)	(4,821)
Inter-segment transactions	406	7	471	7	(65)	(14)
Consolidated	5,975	100	6,723	100	(748)	(11)

EBITDA

Our consolidated EBITDA amounted to Php21,612 million for the three months ended March 31, 2020, an increase of Php1,765 million, or 9%, as compared with Php19,847 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 three months ended March 31, 2020 and 2019:

					Change	
	2020	%	2019	%	Amount	%
			(amounts in million Php)			
Wireless	14,213	66	12,166	61	2,047	17
Fixed Line	9,068	42	9,044	46	24	—
Others	(6)	—	(6)	—	—	—
Inter-segment transactions	(1,663)	(8)	(1,357)	(7)	(306)	(23)
Consolidated	21,612	100	19,847	100	1,765	9

Our consolidated EBITDA excluding MRP amounted to Php21,636 million for the three months ended March 31, 2020, an increase of Php1,580 million, or 8%, as compared with Php20,056 million in the same period in 2019.

Core Income

Our consolidated core income amounted to Php6,397 million for the three months ended March 31, 2020, a decrease of Php199 million, or 3%, as compared with Php6,596 million in the same period in 2019 mainly on account of higher depreciation and amortization and financing costs, as well as higher equity share in net losses, partly offset by higher EBITDA. Our consolidated basic and diluted core EPS decreased to Php29.54 for the three months ended March 31, 2020 from Php30.46 in the same period in 2019.

The following table shows the breakdown of our consolidated core income by business segment for the three months ended March 31, 2020 and 2019:

					Change	
	2020	%	2019	%	Amount	%
			(amounts in million Php)			
Wireless	3,357	53	2,984	45	373	13
Fixed Line	3,085	48	3,408	52	(323)	(9)
Others	(451)	(7)	(267)	(4)	(184)	(69)
Inter-segment transactions	406	6	471	7	(65)	(14)
Consolidated	6,397	100	6,596	100	(199)	(3)

Our consolidated or telco core income amounted to Php6,878 million for the three months ended March 31, 2020, a decrease of Php325 million, or 5%, as compared with Php7,203 million in the same period in 2019 mainly due to higher depreciation and amortization, and financing costs, partially offset by higher EBITDA.

On a Business Segment Basis

Wireless

Revenues

We generated revenues of Php25,354 million from our Wireless business segment for the three months ended March 31, 2020, an increase of Php2,865 million, or 13%, from Php22,489 million in the same period in 2019.

The following table summarizes our total revenues by service from our Wireless business segment for the three months ended March 31, 2020 and 2019:

	2020	%	2019	%	Increase (Decrease) Amount	%
			(amounts in million Php)			
Service Revenues:						
Mobile	23,495	92	20,711	92	2,784	13
Home broadband	13	—	27	—	(14)	(52)
MVNO and others[1]	175	1	384	2	(209)	(54)
Total Wireless Service Revenues	23,683	93	21,122	94	2,561	12
Non-Service Revenues:						
Sale of mobile handsets and broadband data modems	1,671	7	1,367	6	304	22
Total Wireless Revenues	25,354	100	22,489	100	2,865	13

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

Service Revenues

Our wireless service revenues increased by Php2,561 million, or 12%, to Php23,683 million for the three months ended March 31, 2020 as compared with Php21,122 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 93% and 94% for the three months ended March 31, 2020 and 2019, respectively.

Mobile Services

Our mobile service revenues amounted to Php23,495 million for the three months ended March 31, 2020, an increase of Php2,784 million, or 13%, from Php20,711 million in the same period in 2019. Mobile service revenues accounted for 99% and 98% of our wireless service revenues for the three months ended March 31, 2020 and 2019, respectively.

The following table shows the breakdown of our mobile service revenues for the three months ended March 31, 2020 and 2019:

	2020	%	2019	%	Increase (Decrease) Amount	%
			(amounts in million Php)			
Mobile Services:						
Data	15,519	66	11,643	56	3,876	33
Voice	5,677	24	6,143	30	(466)	(8)
SMS	1,806	8	2,583	12	(777)	(30)
Inbound roaming and others[1]	493	2	342	2	151	44
Total	23,495	100	20,711	100	2,784	13

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

Data Services

Mobile revenues from our data services, which include mobile internet, mobile broadband and other data services, increased by Php3,876 million, or 33%, to Php15,519 million for the three months ended March 31, 2020 from Php11,643 million in the same period in 2019 due to increased mobile internet usage driven mainly by enhanced data products and consumer engagement promotions, supported by continuous network improvement and LTE migration, partially offset by lower revenues from mobile broadband. Data services accounted for 66% and 56% of our mobile service revenues for the three months ended March 31, 2020 and 2019, respectively.

The following table shows the breakdown of our mobile data service revenues for the three months ended March 31, 2020 and 2019:

	2020	%	2019	%	Increase (Decrease) Amount	%
			(amounts in million Php)			
Data Services:						
Mobile internet[1]	14,598	94	10,486	90	4,112	39
Mobile broadband	698	5	948	8	(250)	(26)
Other data	223	1	209	2	14	7
Total	15,519	100	11,643	100	3,876	33

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

Mobile Internet

Mobile internet service revenues increased by Php4,112 million, or 39%, to Php14,598 million for the three months ended March 31, 2020 from Php10,486 million in the same period in 2019, primarily due to the following: (i) promotion of data and content-led products such as *Giga Video*, *Giga Games*, *Giga Stories* and *Giga Music* for mobile prepaid services, which increased usage of video, gaming and social media by Smart, TNT and Sun subscribers; (ii) launch of promotions such as *Free Stories for All*, which increased the number of mobile data users and further stimulated data usage; (iii) increased data usage resulting from events and activities, such as vlogger & creator camps, nationwide grassroots e-sports tournaments, and large-scale eSports events, which attracted video creators and gamers; (iv) adoption of more accessible channels for customers to discover and buy mobile data services, such as *123#, the Smart online store and through the online assets of key account partners; (v) introduction of new data-led postpaid plans with the launch of Smart Signature; and (vi) LTE migration initiatives which further increased the number of LTE device and data users among our subscriber base; and (vii) advertising campaigns to promote Smart as the *Fastest Mobile Network* in the Philippines as verified by third party agencies *Ookla* and *OpenSignal*. Mobile internet services accounted for 62% and 51% of our mobile service revenues for the three months ended March 31, 2020 and 2019, respectively.

Mobile Broadband

Mobile broadband revenues amounted to Php698 million for the three months ended March 31, 2020, a decrease of Php250 million, or 26%, from Php948 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, PLDT Home Fibr and PLDT Home WiFi. Mobile broadband services accounted for 3% and 5% of our mobile service revenues for the three months ended March 31, 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 Php14 million, or 7%, to Php223 million for the three months ended March 31, 2020 from Php209 million in the same period in 2019, primarily due to revenues from domestic leased lines.

Voice Services

Mobile revenues from our voice services, which include all voice traffic, decreased by Php466 million, or 8%, to Php5,677 million for the three months ended March 31, 2020 from Php6,143 million in the same period in 2019, due to subscribers' shift to alternative calling options and other OTT services. This was partially offset by the increase in unlimited voice revenues driven by unlimited voice offers such as *All Net 20, Giga Video+149, and Surf Saya FB20*. Mobile voice services accounted for 24% and 30% of our mobile service revenues for the three months ended March 31, 2020 and 2019, respectively.

Domestic voice service revenues decreased by Php310 million, or 6%, to Php5,005 million for the three months ended March 31, 2020 from Php5,315 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 Php156 million, or 19%, to Php672 million for the three months ended March 31, 2020 from Php828 million in the same period in 2019, primarily due to lower international inbound and outbound voice service revenues as a result of lower international voice traffic.

SMS Services

Mobile revenues from our SMS services, which include all SMS-related services, decreased by Php777 million, or 30%, to Php1,806 million for the three months ended March 31, 2020 from Php2,583 million in the same period in 2019 mainly due to the declining SMS volumes as a result of alternative text messaging options, such as OTT services, social media, and messenger application, combined with the impact of the removal of interconnection rates for domestic mobile SMS services. Mobile SMS services accounted for 8% and 12% of our mobile service revenues for the three months ended March 31, 2020 and 2019, respectively.

Inbound Roaming and Others

Mobile revenues from inbound roaming and other services increased by Php151 million, or 44%, to Php493 million for the three months ended March 31, 2020 from Php342 million in the same period in 2019 mainly due to higher other subscriber-related income.

The following table shows the breakdown of our mobile service revenues by service type for the three months ended March 31, 2020 and 2019:

			Increase (Decrease)	
	2020	**2019**	**Amount**	**%**
		(amounts in million Php)		
Mobile service revenues	23,495	20,711	2,784	13
By service type				
Prepaid	18,246	15,609	2,637	17
Postpaid	4,756	4,760	(4)	–
Inbound roaming and others	493	342	151	44

Prepaid Revenues

Revenues generated from our mobile prepaid services amounted to Php18,246 million for the three months ended March 31, 2020, an increase of Php2,637 million, or 17%, as compared with Php15,609 million in the same period in 2019. Mobile prepaid service revenues accounted for 78% and 75% of mobile service revenues for the three months ended March 31, 2020 and 2019, respectively. The increase in revenues from our mobile prepaid services was primarily driven by the double-digit growth in our mobile prepaid subscriber base, combined with higher average daily top-up by mobile prepaid subscribers and sustained growth in mobile internet usages.

Postpaid Revenues

Revenues generated from mobile postpaid services amounted to Php4,756 million for the three months ended March 31, 2020, lower by Php4 million as compared with Php4,760 million in the same period in 2019, and accounted for 20% and 23% of mobile service revenues for the three months ended March 31, 2020 and 2019, respectively.

Subscriber Base, ARPU and Churn Rates

The following table shows our mobile subscriber base as at March 31, 2020 and 2019:

			Increase (Decrease)	
	2020	**2019**	**Amount**	**%**
Mobile subscriber base				
Smart[(1)]	26,306,727	23,476,732	2,829,995	12
Prepaid	*24,830,033*	*22,011,859*	*2,818,174*	*13*
Postpaid	*1,476,694*	*1,464,873*	*11,821*	*1*
TNT	38,871,067	33,531,651	5,339,416	16
Sun[(1)]	7,897,833	6,940,503	957,330	14
Prepaid	*6,889,658*	*6,041,687*	*847,971*	*14*
Postpaid	*1,008,175*	*898,816*	*109,359*	*12*
Total mobile subscribers	73,075,627	63,948,886	9,126,741	14

[(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 6.0% and 3.5% for the three months ended March 31, 2020 and 2019, respectively, while the average monthly churn rates for TNT subscribers were 4.5% and 3.8% for the three months ended March 31, 2020 and 2019, respectively. The average monthly churn rates for Sun Prepaid subscribers were 3.6% and 3.8% for the three months ended March 31, 2020 and 2019, respectively.

The average monthly churn rates for Smart Postpaid subscribers were 2.4% and 2.0% for the three months ended March 31, 2020 and 2019, respectively. The average monthly churn rates for Sun Postpaid subscribers were 1.0% and 1.5% for the three months ended March 31, 2020 and 2019, respectively.

The following table summarizes our average monthly ARPUs for the three months ended March 31, 2020 and 2019:

	Gross[(1)]		Increase (Decrease)		Net[(2)]		Increase (Decrease)	
	2020	2019	Amount	%	2020	2019	Amount	%
				(amounts in Php)				
Prepaid								
Smart	*130*	*131*	*(1)*	*(1)*	*112*	*118*	*(6)*	*(5)*
TNT	*81*	*74*	*7*	*9*	*71*	*67*	*4*	*6*
Sun	*74*	*85*	*(11)*	*(13)*	*66*	*77*	*(11)*	*(14)*
Postpaid								
Smart	*833*	*807*	*26*	*3*	*804*	*796*	*8*	*1*
Sun	*384*	*425*	*(41)*	*(10)*	*377*	*423*	*(46)*	*(11)*

(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 Php13 million for the three months ended March 31, 2020, a decrease of Php14 million, or 52%, from Php27 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 Php175 million for the three months ended March 31, 2020, a decrease of Php209 million, or 54%, from Php384 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 Php304 million, or 22%, to Php1,671 million for the three months ended March 31, 2020 from Php1,367 million in the same period in 2019, primarily due to higher average selling price per unit of mobile handsets.

Expenses

Expenses associated with our Wireless business segment amounted to Php19,179 million for the three months ended March 31, 2020, an increase of Php2,044 million, or 12%, from Php17,135 million in the same period in 2019. The increase was mainly attributable to higher depreciation and amortization, selling, general and administrative expenses, cost of sales and services and asset impairment, partially offset by lower interconnection costs and provisions. As a percentage of our total wireless revenues, expenses associated with our Wireless business segment accounted for 76% in each of the three months ended March 31, 2020 and 2019.

The following table summarizes the breakdown of our total wireless-related expenses for the three months ended March 31, 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	8,560	45	7,353	43	1,207	16
Depreciation and amortization	7,830	41	6,616	39	1,214	18
Cost of sales and services	2,226	11	1,886	11	340	18
Provisions	351	2	719	4	(368)	(51)
Interconnection costs	141	1	533	3	(392)	(74)
Asset impairment	71	—	28	—	43	154
Total	19,179	100	17,135	100	2,044	12

Selling, general and administrative expenses increased by Php1,207 million, or 16%, to Php8,560 million, primarily due to higher expenses related to selling and promotions, taxes and licenses, repairs and maintenance, compensation and employee benefits, and rent, partly offset by lower expenses related to professional and contracted services, and other operating expenses.

Depreciation and amortization charges increased by Php1,214 million, or 18%, to Php7,830 million, mainly on account of higher depreciation on network equipment, combined with higher depreciation of right-of-use asset.

Cost of sales and services increased by Php340 million, or 18%, to Php2,226 million, primarily due to higher average cost per unit of mobile handsets.

Interconnection costs decreased by Php392 million, or 74%, to Php141 million, primarily due to lower interconnection cost on domestic voice and SMS services, as a result of the removal of mobile domestic interconnection fees.

Provisions decreased by Php368 million, or 51%, to Php351 million, primarily due to lower provision for inventory obsolescence for both trade inventories and network materials.

Asset impairment, consisting mainly of impairment of contract assets and other assets, increased by Php43 million, or 154%, to Php71 million.

Other Income (Expenses) – Net

The following table summarizes the breakdown of our total wireless-related other income (expenses) – net for the three months ended March 31, 2020 and 2019:

	2020	2019	Change Amount	%
	(amounts in million Php)			
Other Income (Expenses) – Net:				
Financing costs – net	(1,748)	(1,670)	(78)	(5)
Foreign exchange gains (losses) – net	(28)	(22)	(6)	(27)
Losses on derivative financial instruments – net	(7)	(6)	(1)	(17)
Interest income	176	228	(52)	(23)
Other income – net	41	178	(137)	(77)
Total	(1,566)	(1,292)	(274)	(21)

Our Wireless business segment's other expenses amounted to Php1,566 million for the three months ended March 31, 2020, an increase of Php274 million, or 21%, from Php1,292 million in the same period in 2019, primarily due to the combined effects of the following: (i) lower other income – net by Php137 million; (ii) higher net financing costs by Php78 million (iii) lower interest income by Php52 million; and (iv) higher net foreign exchange losses by Php6 million.

Provision for Income Tax

Provision for income tax amounted to Php1,276 million for the three months ended March 31, 2020, an increase of Php117 million, or 10%, from Php1,159 million in the same period in 2019 mainly due to higher taxable income.

Net Income

As a result of the foregoing, our Wireless business segment's net income increased by Php430 million, or 15%, to Php3,333 million for the three months ended March 31, 2020 from Php2,903 million in the same period in 2019.

EBITDA

Our Wireless business segment's EBITDA increased by Php2,047 million, or 17%, to Php14,213 million for the three months ended March 31, 2020 from Php12,166 million in the same period in 2019. EBITDA margin increased to 60% for the three months ended March 31, 2020 from 58% in the same period in 2019.

Core Income

Our Wireless business segment's core income increased by Php373 million, or 13%, to Php3,357 million for the three months ended March 31, 2020 from Php2,984 million in the same period in 2019, mainly on account of higher EBITDA, partially offset by higher depreciation and amortization, net financing costs and provision for income tax.

Fixed Line

Revenues

Revenues generated from our Fixed Line business segment amounted to Php22,695 million for the three months ended March 31, 2020, an increase of Php696 million, or 3%, from Php21,999 million in the same period in 2019.

The following table summarizes our total revenues by service from our Fixed Line business segment for the three months ended March 31, 2020 and 2019:

					Increase (Decrease)	
	2020	**%**	**2019**	**%**	**Amount**	**%**
			(amounts in million Php)			
Service Revenues:						
Data	16,032	70	14,996	68	1,036	7
Voice	6,322	28	6,349	29	(27)	–
Miscellaneous	163	1	194	1	(31)	(16)
	22,517	99	21,539	98	978	5
Non-Service Revenues:						
Sale of computers, phone units and point-product sales	178	1	460	2	(282)	(61)
Total Fixed Line Revenues	22,695	100	21,999	100	696	3

Service Revenues

Our fixed line service revenues increased by Php978 million, or 5%, to Php22,517 million for the three months ended March 31, 2020 from Php21,539 million in the same period in 2019, primarily due to higher revenues from our data services.

Data Services

The following table shows information of our data service revenues for the three months ended March 31, 2020 and 2019:

			Increase	
	2020	**2019**	**Amount**	**%**
		(amounts in million Php)		
Data service revenues	16,032	14,996	1,036	7
Corporate data and ICT	8,517	8,121	396	5
Home broadband	7,515	6,875	640	9

Our data services posted revenues of Php16,032 million for the three months ended March 31, 2020, an increase of Php1,036 million, or 7%, from Php14,996 million in the same period in 2019, primarily due to higher revenues from home broadband, corporate data and leased lines, data center and ICT services. The percentage contribution of this service segment to our fixed line service revenues accounted for 71% and 70% for the three months ended March 31, 2020 and 2019, respectively.

Corporate Data and ICT

Corporate data services amounted to Php6,963 million for the three months ended March 31, 2020, an increase of Php269 million, or 4%, as compared with Php6,694 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 45% of total data services for the three months ended March 31, 2020 and 2019, respectively.

ICT revenues increased by Php127 million, or 9%, to Php1,554 million for the three months ended March 31, 2020 from Php1,427 million in the same period in 2019 mainly due to higher revenues from Data Centers, Cloud, Cybersecurity and managed IT services. The percentage contribution of this service segment to our total data service revenues accounted for 10% and 9% for the three months ended March 31, 2020 and 2019, respectively.

Home Broadband

Home broadband data revenues amounted to Php7,515 million for the three months ended March 31, 2020, an increase of Php640 million, or 9%, from Php6,875 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 47% and 46% of total data service revenues for the three months ended March 31, 2020 and 2019, respectively. PLDT's FTTH nationwide network roll-out has reached 7.5 million homes passed as of March 31, 2020.

Voice Services

Revenues from our voice services decreased by Php27 million to Php6,322 million for the three months ended March 31, 2020 from Php6,349 million in the same period in 2019, primarily due to lower revenues from local exchange and domestic services, partly offset by higher revenues from international services of PLDT Global. The decline in local exchange and domestic 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 28% and 29% for the three months ended March 31, 2020 and 2019, respectively.

Miscellaneous Services

Miscellaneous service revenues are derived mostly from rentals and management fees. These service revenues decreased by Php31 million, or 16%, to Php163 million for the three months ended March 31, 2020 from Php194 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 three months ended March 31, 2020 and 2019.

Non-service Revenues

Non-service revenues decreased by Php282 million, or 61%, to Php178 million for the three months ended March 31, 2020 from Php460 million in the same period in 2019, primarily due to lower sale of Telpad and PLP units, hardware, computer bundles and managed ICT equipment.

Expenses

Expenses related to our Fixed Line business segment totaled Php17,839 million for the three months ended March 31, 2020, an increase of Php825 million, or 5%, as compared with Php17,014 million in the same period in 2019. The increase was primarily due to higher selling, general and administrative expenses, interconnection costs, depreciation and amortization, and provisions, partly offset by lower expenses related to cost of sales and services, and asset impairment. As a percentage of our total fixed line revenues, expenses associated with our Fixed Line business segment accounted for 79% and 77% for the three months ended March 31, 2020 and 2019, respectively.

The following table shows the breakdown of our total fixed line-related expenses for the three months ended March 31, 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	10,265	57	9,729	57	536	6
Depreciation and amortization	4,212	24	4,059	24	153	4
Interconnection costs	1,899	11	1,608	10	291	18
Cost of sales and services	826	5	1,008	6	(182)	(18)
Provisions	608	3	555	3	53	10
Asset impairment	29	—	55	—	(26)	(47)
Total	17,839	100	17,014	100	825	5

Selling, general and administrative expenses increased by Php536 million, or 6%, to Php10,265 million primarily due to higher expenses related to repairs and maintenance, compensation and employee benefits, and rent, partly offset by lower professional and other contracted services, selling and promotions, and taxes and licenses.

Depreciation and amortization charges increased by Php153 million, or 4%, to Php4,212 million mainly on account of higher depreciable asset base.

Interconnection costs increased by Php291 million, or 18%, to Php1,899 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.

Cost of sales and services decreased by Php182 million, or 18%, to Php826 million, primarily due to lower cost of Telpad and PLP units, hardware, computer bundles and managed ICT equipment, as well as lower cost of services.

Provisions increased by Php53 million, or 10%, to Php608 million, primarily due to higher provisions for expected credit losses and inventory obsolescence.

Asset impairment, consisting mainly of impairment of contract assets, decreased by Php26 million, or 47%, to Php29 million.

Other Income (Expenses) – Net

The following table summarizes the breakdown of our total fixed line-related other income (expenses) – net for the three months ended March 31, 2020 and 2019:

	2020	2019	Change Amount	Change %
		(amounts in million Php)		
Other Income (Expenses) – Net:				
Financing costs – net	(1,276)	(1,263)	(13)	(1)
Gains (losses) on derivative financial instruments – net	(5)	3	(8)	(267)
Foreign exchange gains (losses) – net	1	(1)	2	200
Equity share in net earnings of associates	47	47	—	—
Interest income	142	210	(68)	(32)
Other income – net	458	467	(9)	(2)
Total	(633)	(537)	(96)	(18)

Our Fixed Line business segment's other expenses amounted to Php633 million for the three months ended March 31, 2020, an increase of Php96 million, or 18%, from Php537 million in the same period in 2019, primarily due to the combined effects of the following: (i) lower interest income by Php68 million; (ii) higher net financing costs by Php13 million; (iii) lower other income – net by Php9 million; and (iv) net losses on derivative financial instruments of Php5 million in 2020 as against net gains on derivative financial instruments of Php3 million in 2019.

Provision for Income Tax

Provision for income tax amounted to Php1,090 million for the three months ended March 31, 2020, a decrease of Php28 million, or 3%, from Php1,118 million in the same period in 2019, primarily due to lower taxable income.

Net Income

As a result of the foregoing, our Fixed Line business segment registered a net income of Php3,133 million for the three months ended March 31, 2020, a decrease of Php197 million, or 6%, as compared with Php3,330 million in the same period in 2019.

EBITDA

Our Fixed Line business segment's EBITDA increased by Php24 million to Php9,068 million for the three months ended March 31, 2020 from Php9,044 million in the same period in 2019. EBITDA margin decreased to 40% for the three months ended March 31, 2020 from 42% in the same period in 2019.

Core Income

Our Fixed Line business segment's core income decreased by Php323 million, or 9%, to Php3,085 million for the three months ended March 31, 2020 from Php3,408 million in the same period in 2019, primarily due to higher depreciation and amortization and net financing costs.

Others

Revenues

Revenues generated from our Other business segment amounted to nil in each of the three months ended March 31, 2020 and 2019.

Expenses

Expenses related to our Other business segment totaled Php6 million in each of the three months ended March 31, 2020 and 2019.

Other Income (Expenses) – Net

The following table summarizes the breakdown of other income (expenses) – net for Other business segment for the three months ended March 31, 2020 and 2019:

	2020	2019	Change Amount	Change %
	(amounts in million Php)			
Other Income (Expenses) – Net:				
Equity share in net losses of associates and joint ventures	(579)	(417)	(162)	(39)
Foreign exchange gains – net	3	5	(2)	(40)
Financing costs – net	—	(15)	15	100
Interest income	40	129	(89)	(69)
Other income (expenses) – net	(453)	336	(789)	(235)
Total	(989)	38	(1,027)	(2,703)

Our Other business segment's other expenses amounted to Php989 million for the three months ended March 31, 2020, a change of Php1,027 million as against other income of Php38 million in the same period in 2019, primarily due to the combined effects of the following: (i) other expenses – net of Php453 million in 2020 as against other income – net of Php336 million in 2019 mainly due to unrealized losses on fair value in 2020 as against unrealized gains in 2019 of Rocket Internet investment, as well as unrealized losses on fair value of Phunware investment in 2020; (ii) higher equity share in net losses of associates and joint ventures by Php162 million mainly due to higher equity share in net losses of VIH; (iii) lower interest income by Php107 million; and (iv) lower net financing costs by Php15 million.

Net Income (Loss)

As a result of the foregoing, our Other business segment registered a net loss of Php897 million for the three months ended March 31, 2020, a change of Php916 million as against net income of Php19 million in the same period in 2019.

Core Income (Loss)

Our Other business segment's core loss increased by Php184 million, or 69%, to Php451 million for the three months ended March 31, 2020 from Php267 million in the same period in 2019.

Liquidity and Capital Resources

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

	Three months ended March 31, 2020	Three months ended March 31, 2019
	(amounts in million Php)	
Cash Flows		
Net cash flows provided by operating activities	16,920	16,477
Net cash flows used in investing activities	(19,239)	(17,474)
Payment for purchase of property and equipment, including capitalized interest	*(17,074)*	*(18,938)*
Net cash flows provided by (used in) financing activities	8,896	(5,385)
Net increase (decrease) in cash and cash equivalents	6,575	(6,368)

	March 31, 2020	December 31, 2019
	(amounts in million Php)	
Capitalization		
Long-term portion of interest-bearing financial liabilities – net of current portion:		
Long-term debt	166,075	172,834
Current portion of interest-bearing financial liabilities:		
Long-term debt maturing within one year	39,263	19,722
Total interest-bearing financial liabilities	205,338	192,556
Total equity attributable to equity holders of PLDT	108,721	111,987
	314,059	304,543
Other Selected Financial Data		
Total assets	545,352	525,027
Property and equipment	242,512	232,134
Cash and cash equivalents	30,944	24,369
Short-term investments	2,949	314

Our consolidated cash and cash equivalents and short-term investments totaled Php33,893 million as at March 31, 2020. Principal sources of consolidated cash and cash equivalents for the three months ended March 31, 2020 were cash flows from operating activities amounting to Php16,920 million, proceeds from availment of long-term and short-term debt of Php12,000 million and Php4,000 million, respectively, and interest received of Php380 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php17,074 million; (2) debt principal and interest payments of Php3,119 million and Php1,955 million, respectively; and (3) net payment for purchase of short-term investments of Php2,640 million.

Our consolidated cash and cash equivalents and short-term investments totaled Php45,391 million as at March 31, 2019. Principal sources of consolidated cash and cash equivalents for the three months ended March 31, 2019 were cash flows from operating activities amounting to Php16,477 million, proceeds from availment of long-term debt of Php4,000 million, net proceeds from maturity of short-term investments of Php1,062 million and interest received of Php577 million. These funds were used principally for purchase of property and equipment, including capitalized interest, of Php18,938 million, debt principal and interest payments of Php6,320 million and Php1,703 million, respectively, and settlement of obligations under lease liabilities of Php1,313 million.

Operating Activities

Our consolidated net cash flows provided by operating activities increased by Php443 million, or 3%, to Php16,920 million for the three months ended March 31, 2020 from Php16,477 million in the same period in 2019, primarily due to lower prepayments, , higher operating income, lower level of settlement of accrued expenses and other current liabilities, and lower pension contribution, partially offset by lower level of collection of receivables, and higher level of settlement of accounts payable and other noncurrent liabilities.

Cash flows provided by operating activities of our Wireless business segment increased by Php2,078 million, or 22%, to Php11,371 million for the three months ended March 31, 2020 from Php9,293 million in the same period in 2019, primarily due to lower prepayments, higher operating income, and lower level of settlement of accrued expenses and other current liabilities, partially offset by lower level of collection of receivables and higher level of settlement of accounts payable and other noncurrent liabilities. Cash flows provided by operating activities of our Fixed Line business segment decreased by Php2,386 million, or 31%, to Php5,427 million for the three months ended March 31, 2020 from Php7,813 million in the same period in 2019 primarily due to lower level of collection of receivables and higher prepayments, partially offset by lower pension contribution and higher operating income. Cash flows used in operating activities of our Other business segment decreased by Php33 million, or 46%, to Php38 million for the three months ended March 31, 2020 from Php71 million in the same period in 2019, primarily due to lower level of settlement of accrued expenses and other current liabilities.

Investing Activities

Consolidated net cash flows used in investing activities amounted to Php19,239 million for the three months ended March 31, 2020, an increase of Php1,765 million, or 10%, from Php17,474 million in the same period in 2019, primarily due to the combined effects of the following: (1) net payment for purchase of short-term investment of Php2,640 million in 2020 as against net proceeds from maturity of short-term investments of Php1,062 million in 2019; (2) lower interest received by Php197 million; and (3) lower payment for purchase of property and equipment, including capitalized interest, by Php1,864 million.

Our consolidated payment for purchase of property and equipment, including capitalized interest, for the three months ended March 31, 2020 totaled Php17,074 million, a decrease of Php1,864 million, or 10%, as compared with Php18,938 million in the same period in 2019. Smart Group's capital spending decreased by Php2,498 million, or 19%, to Php10,425 million for the three months ended March 31, 2020 from Php12,923 million in the same period in 2019. Smart Group's capex spending was primarily focused on expansion of LTE (4G) coverage and capacity. PLDT's capital spending increased by Php860 million, or 15%, to Php6,445 million for the three months ended March 31, 2020 from Php5,585 million in the same period in 2019. PLDT's capex spending was used to finance the fixed line modernization program and the continuous facility roll-out and expansion of our domestic and international fiber optic 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 Php8,896 million for the three months ended March 31, 2020, as against cash flows used in financing activities of Php5,385 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 Php8,000 million; (2) proceeds from availment of short-term debt of Php4,000 million in 2020; (3) lower payments of long-term debt by Php3,201 million; (4) higher settlement of obligations under lease liabilities by Php475 million in 2019; and (5) higher interest paid by Php252 million.

Debt Financing

Proceeds from availment of long-term and short-term debt for the three months ended March 31, 2020 amounted to Php12,000 million and Php4,000 million, respectively, mainly from PLDT's and Smart's drawings related to the financing of capital expenditure requirements and refinancing of maturing loan obligations. Payments of principal and interest on our total debt amounted to Php3,119 million and Php1,955 million, respectively, for the three months ended March 31, 2020.

Our consolidated long-term and short-term debt increased by Php12,782 million, or 7%, to Php205,338 million as at March 31, 2020 from Php192,556 million as at December 31, 2019, primarily due to drawings from our long-term and short-term facilities, partly offset by debt amortizations and prepayments. As at March 31, 2020, the long-term and short-term debt level of Smart increased by 5% to Php81,869 million from Php78,152 as at December 31, 2019, and PLDT's long-term and short-term debt level increased by 8% to Php123,469 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 March 31, 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 from the earnings for the three months ended March 31, 2020 and 2019:

	Date			Amount	
Class	**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
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[(1)]	January 28, 2020	February 24, 2020	March 15, 2020	–	12
Voting Preferred Stock	March 5, 2020	March 25, 2020	April 15, 2020	–	3
Charged to Retained Earnings					8,441
2019					
Common					
Regular Dividend	March 21, 2019	April 4, 2019	April 23, 2019	36	7,778
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[(1)]	January 29, 2019	February 22, 2019	March 15, 2019	–	12
Voting Preferred Stock	March 7, 2019	March 27, 2019	April 15, 2019	–	3
Charged to Retained Earnings					7,793

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

Our dividends declared after March 31, 2020 are as follow:

	Date			Amount	
Class	**Approved[(1)]**	**Record**	**Payable**	**Per Share**	**Total**
				(in million Php, except per share amount)	
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[(1)]	May 7, 2020	May 21, 2020	June 15, 2020	–	12
Voting Preferred	April 8, 2020	February 11, 2020	May 12, 2020	–	–
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 Php545,352 million as at March 31, 2020, an increase of Php20,325 million, or 4%, from Php525,027 million as at December 31, 2019, primarily due to higher property and equipment, cash and cash equivalents, short-term investments, and trade receivables and other receivables.

Our total liabilities amounted to Php432,323 million as at March 31, 2020, an increase of Php23,586 million, or 6%, from Php408,737 million as at December 31, 2019, primarily due to higher interest-bearing financial liabilities, dividends payable and 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 Php18 million for the three months ended March 31, 2020 as compared with Php15 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 March 31, 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 March 31, 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 March 31, 2020 and December 31, 2019 other than those whose carrying amounts are reasonable approximations of fair values:

	Fair Values	
	March 31, 2020	December 31, 2019
	(amounts in million Php)	
Noncurrent Financial Assets		
Other financial assets – net of current portion	1,716	1,657
Total noncurrent financial assets	1,716	1,657
Noncurrent Financial Liabilities		
Interest-bearing financial liabilities	154,793	169,965
Customers' deposits	1,475	1,539
Deferred credits and other noncurrent liabilities	1,224	1,953
Total noncurrent financial liabilities	157,492	173,457

The following table sets forth the amount of gains (losses) recognized for the financial assets and liabilities for the three months ended March 31, 2020 and the year ended December 31, 2019:

	March 31, 2020	December 31, 2019
	(amounts in million Php)	
Profit and Loss		
Interest income	358	1,745
Losses on derivative financial instruments – net	(12)	(284)
Accretion on financial liabilities	(31)	(122)
Interest on loans and other related items	(2,407)	(8,730)
Other Comprehensive Income		
Net fair value losses on cash flow hedges – net of tax	(15)	(256)

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 three months ended March 31, 2020 and 2019 were 2.7% and 3.8%, respectively. We expect inflation to stay within the 2% to 4% target range of the BSP.

PART II – OTHER INFORMATION

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

In view of the Covid-19 outbreak, Presidential Proclamation No. 929 was issued on March 16, 2020, declaring a State of Calamity throughout the Philippines for a period of six months from March 17, 2020 (at midnight) and imposed an ECQ throughout the island of Luzon until April 12, 2020. On March 25, 2020, Republic Act No. 11469, otherwise known as the "Bayanihan to Heal As OneAct", was signed into law declaring a state of national emergency over the entire country, and the President of thePhilippines is authorized 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 April 29, 2020, Executive Order No. 112 was issued, imposing an ECQ in high-risk geographic areas of the Philippines and a General Community Quarantine, or GCQ, in the rest of the country from May 1 to 15, 2020. These measures have caused disruption to businesses and economic activities, and their impacts on businesses continue 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 have implemented a Work from Home, or WFH, policy, which took effect on March 11, 2020 and covers most of our employees.

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.

These arrangements shall continue until the enhanced community quarantine, or ECQ, imposed by the government is lifted on May 15, 2020.

PLDT will determine whether to continue WFH arrangements after the ECQ lifting.

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.

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 connectivity needs of all our subscribers. We are equipped with the technology to manage our network infrastructure remotely, which helps us respond to changes in internet traffic more efficiently. We have taken steps to ensure that our critical network and IT systems continue to operate by taking measures to secure the staff within the said facilities. We have also moved essential spare parts and supplies from our regional 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 are providing zero-rated access to certain government agencies and emergency hotlines, boosting minimum speeds for our Home subscribers, increasing data allocations for prepaid and Enterprise customers, equipping our Enterprise customers with telecommuting solutions, granting a 30-day payment extension period to our postpaid customers, and for our OFWs extending duration of free calls through our Free Bee app. On May 1, 2020, we started implementing 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 Lysol wipes and alcohol pads to sanitize work area after each transaction;
- provided Lysol 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.

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

On April 16, 2020, PLDT, together with KRR, Tencent, IFC and IFC Emerging Asia Fund, entered into an agreement with VIH, to commit up to US$120 million of new funding towards expansion efforts of VIH. This follows KKR's, Tencent's, IFC's and IFC Emerging Asia Fund's initial investment totaling US$215 million made to VIH in 2018. VIH plans to apply some or all of the US$120 million investment in developing its financial technology arm, PayMaya Philippines, or PayMaya.

Amendments to the Articles of Incorporation of PLDT

On April 8, 2020, the Board of Directors 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) 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.

The Amendment will be submitted for approval by the Stockholders in the June 9, 2020 Annual Meeting of Stockholders of PLDT.

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 voluntary basis. The NTC interposed no objection to the transfer of SubicTel's subscribers to PLDT, subject to certain conditions. Likewise, the SBMA Board approved the issuance of Certificate of Registration to PLDT to operate within SBMA. On September 24, 2019, the PLDT Board of Directors approved the acquisition of the assets and subscribers of SubicTel for a total consideration of Php675 million. PLDT has committed to provide financial support to discharge SubicTel's liabilities as the need arises. 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 Maratel's Legislative Franchise

Effective April 2020, PLDT-Maratel, Inc., or Maratel, ceased to operate as a telecommunications service provider, following the expiration of its legislative franchise, R.A. 7970. In order to ensure continued customer service, Maratel will assign its assets and subscribers, or the "Maratel Subscribers", to PLDT who undertakes to offer its services to Maratel Subscribers on voluntary basis. The NTC interposed no objection to the transfer of Maratel's subscribers to PLDT, subject to certain conditions. On November 7, 2019, the PLDT Board of Directors approved the acquisition of the assets and Maratel Subscribers for a total consideration of Php442 million. PLDT has committed to provide financial support to discharge Maratel's liabilities as the need arises. 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 Mobile Number Portability, or 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 March 31, 2020:

Type of Accounts Receivable	Total	Current	31-60 Days	61-90 Days	Over 91 Days
		(amounts in million Php)			
Retail subscribers	19,763	8,403	1,345	234	9,781
Corporate subscribers	12,985	4,404	2,196	721	5,664
Foreign administrations	2,060	1,099	108	38	815
Domestic carriers	386	53	177	7	149
Dealers, agents and others	6,995	3,040	825	235	2,895
Total	42,189	16,999	4,651	1,235	19,304
Less: Allowance for doubtful accounts	17,755				
Total Receivables - net	24,434				

ANNEX II – FINANCIAL SOUNDNESS INDICATORS

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

	March 31, 2020	**December 31, 2019**
Current Ratio[1]	0.36:1.0	0.37:1.0
Acid Test Ratio[2]	0.25:1.0	0.23:1.0
Solvency Ratio[3]	0.33:1.0	0.35:1.0
Net Debt to Equity Ratio[4]	1.58:1.0	1.50:1.0
Net Debt to EBITDA Ratio[5]	2.10:1.0	2.10:1.0
Total Debt to EBITDA Ratio[6]	2.52:1.0	2.41:1.0
Asset to Equity Ratio[7]	5.02:1.0	4.69:1.0
Interest Coverage Ratio[8]	4.43:1.0	4.63:1.0
Profit Margin[9]	13%	13%
Return on Assets[10]	4%	5%
Return on Equity[11]	20%	20%
EBITDA Margin[12]	47%	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 quarter 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: May 7, 2020