Certification

I, Gil Samson D. Garcia, First Vice President and OIC - Financial Reporting and Controllership of PLDT Inc., with SEC registration number PW 55, with principal office at Ramon Cojuangco Bldg., Makati Avenue, Makati City, on oath state:

1) That on behalf of PLDT Inc., I have caused this Quarterly Report (SEC Form 17-C) to be prepared;

2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;

3) That the company PLDT Inc. will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and

4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this ___________ day of MAR 0 4 2021 ___________, 20_____.

GIL SAMSON D. GARCIA
First Vice President and Controller
(Principal Accounting Officer)

SUBSCRIBED AND SWORN to before me on this MAR 0 4 2021 day of March 2021 at Makati City, affiant exhibiting to me his Passport No. P6003906B, valid until December 21, 2030 issued by the Philippine Department of Foreign Affairs, NCR East.

DINAH ROSE C. BALA
Notary Public
Notary Public for the City of Makati
Until December 31, 2021
Appointment No. M-99
Roll of Attorneys No. 53286
IBP Lifetime No. 011141 – 08/02/12
PTR O.R. NO. 8534477 - 01/05/2021 Makati City
9/F, MGO Bldg. Legazpi St. Legazpi Vill., Makati City, MM

Doc. No. 391
Page No. 80
Book No. XII
Series of 2021.

DINAH ROSE C. BALA
NOTARY PUBLIC
ROLL NO. 53286
MAKATI CITY, PHILIPPINES

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
OF THE SECURITIES EXCHANGE ACT OF 1934

March 4, 2021

PLDT INC.
(Translation of registrant's name into English)

Ramon Cojuangco Building
Makati Avenue, Makati City
Philippines
(Address of registrant's principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F. Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b) (1): Yes ☐ No ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b) (7): Yes ☐ No ☒

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes ☐ No ☒

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto 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

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

Signature and Title: ______________________________

GIL SAMSON D. GARCIA
First Vice President
(Principal Accounting Officer)

Date: March 4, 2021

PLDT

March 4, 2021

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-C with Management's Discussion and Analysis and accompanying unaudited consolidated financial statements as at and for the year ended December 31, 2020.

Very truly yours,

MA. LOURDES C. RAUSA-CHAN
Corporate Secretary

PLDT

March 4, 2021

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-C with Management's Discussion and Analysis and accompanying unaudited consolidated financial statements as at and for the year ended December 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-C

Form Type

Not Applicable

Amendment Designation (if applicable)

December 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)

R A M O N C O J U A N G C O B U I L D I N G
M A K A T I A V E N U E M A K A T I C I T Y

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
gdgarcia@pldt.com.ph	**(02) 8816-8056**	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
11,568 as at January 31, 2021	**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
Gil Samson D. Garcia	**gdgarcia@pldt.com.ph**	**(02) 8816-8056**	

Contact Person's Address
12/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

SECURITIES AND EXCHANGE COMMISSION
CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.1

1. **March 4, 2021**
   Date of Report (Date of earliest event reported)

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

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

4. **PLDT INC.**
   Exact name of issuer as specified in its charter

5. **PHILIPPINES**
   Province, country or other jurisdiction of Incorporation

6. **____________ (SEC Use Only)**
   Industry Classification Code

7. **Ramon Cojuangco Building, Makati Avenue, Makati City** — **1200**
   Address of principal office — Postal Code

8. **(632) 8816-8553**
   Issuer's telephone number, including area code

9. Not Applicable
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code and Sections 4 and 8 of the Revised Securities Act

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock	216,055,775 (1)
Amount of Debt Outstanding	Php222,765 million as at December 31, 2020

(1) Represents the total outstanding common shares (net of 2,724,111 Treasury shares).

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PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Our consolidated financial statements as at and for the years ended December 31, 2020 and 2019 and related notes (pages F-1 to F-177) are filed as part of this report on Form 17-C.

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

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

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

The financial information appearing in this report and in the accompanying unaudited consolidated financial statements is stated in Philippine pesos. Unless otherwise indicated, translations of Philippine peso amounts into U.S. dollars in this report and in the accompanying unaudited consolidated financial statements were made based on the exchange rate of Php48.02 to US$1.00, the exchange rate as at December 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

	Years ended December 31,		Increase (Decrease)	
	2020	2019[1]	Amount	%
(amounts in million Php, except for EBITDA margin and earnings per common share)				
Consolidated Income Statement				
Revenues	181,004	169,187	11,817	7
Expenses	144,822	129,786	15,036	12
Other expenses – net	(3,161)	(7,065)	3,904	55
Income before income tax	33,021	32,336	685	2
Net income	24,580	22,786	1,794	8
Core income	27,129	25,111	2,018	8
Telco core income	28,087	27,080	1,007	4
EBITDA	86,158	79,815	6,343	8
EBITDA margin[2]	50%	49%	—	—
Reported earnings per common share:				
Basic	112.12	103.97	8.15	8
Diluted	112.12	103.97	8.15	8
Core earnings per common share[3]:				
Basic	125.29	115.95	9.34	8
Diluted	125.29	115.95	9.34	8

	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	575,846	525,027	50,819	10
Property and equipment	260,868	232,134	28,734	12
Cash and cash equivalents and short-term investments	41,226	24,683	16,543	67
Total equity attributable to equity holders of PLDT	115,408	111,987	3,421	3
Long-term debt, including current portion	222,765	192,556	30,209	16
Net debt[4] to equity ratio	1.56x	1.50x	—	—

	Years ended December 31,		Change	
	2020	2019	Amount	%
(amounts in million Php, except for operational data)				
Consolidated Statements of Cash Flows				
Net cash provided by operating activities	87,515	69,392	18,123	26
Net cash used in investing activities	(74,348)	(84,316)	9,968	12
Payment for purchase of property and equipment, including capitalized interest	*(78,100)*	*(89,701)*	*11,601*	*13*
Net cash provided by (used in) financing activities	3,703	(11,613)	15,316	132
Operational Data				
Number of mobile subscribers	72,933,839	73,118,155	(184,316)	—
Prepaid	*70,779,021*	*70,721,789*	*57,232*	—
Postpaid	*2,154,818*	*2,396,366*	*(241,548)*	*(10)*
Number of broadband subscribers	3,090,118	2,161,484	928,634	*43*
Fixed Line broadband	*2,273,602*	*1,931,333*	*342,269*	*18*
Fixed Wireless broadband	*816,516*	*230,151*	*586,365*	*255*
Number of fixed line subscribers	3,042,815	2,765,209	277,606	*10*
Number of employees:	18,848	18,784	64	—
Fixed Line	13,065	12,877	188	1
LEC	*11,427*	*10,878*	*549*	*5*
Others	*1,638*	*1,999*	*(361)*	*(18)*
Wireless	5,783	5,907	(124)	(2)

(1) *Certain amounts for the year ended December 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, short-term investments and debt instruments at amortized cost from total debt (long-term debt, including current portion).*

Exchange Rates – per US$	Month end rates	Weighted average rates during the year
December 31, 2020	48.02	49.63
December 31, 2019	50.80	51.79
December 31, 2018	52.56	52.68

Performance Indicators

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

EBITDA

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

Core Income and Telco Core Income

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

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

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

Overview

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

We serve 79.1 million users through the provision of mobile, fixed line and data services. In addition to the business segments discussed below, PLDT has found it beneficial to view its business from a customer-served perspective. Accordingly, we also assign metrics along the following marketing verticals: Home, Individual, Enterprise and International customers.

Our three business units are as follows:

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

As at December 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 and Telco core income for the years ended December 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 years ended December 31, 2020 and 2019:

	2020	2019
	(amounts in million Php)	
Consolidated net income	24,580	22,786
Add (deduct) adjustments:		
Depreciation and amortization	47,480	39,656
Financing costs – net	10,086	8,553
Provision for income tax	8,441	9,550
Amortization of intangible assets	2,496	758
Equity share in net losses of associates and joint ventures	2,328	1,535
Losses on derivative financial instruments – net	378	284
Impairment of investments	60	34
Interest income	(1,210)	(1,745)
Foreign exchange gains – net	(1,488)	(424)
Other income – net	(6,993)	(1,172)
Total adjustments	61,578	57,029
Consolidated EBITDA	86,158	79,815

The following table shows the reconciliation of our consolidated net income to our consolidated core income and telco core income for the years ended December 31, 2020 and 2019:

	2020	2019
	(amounts in million Php)	
Consolidated net income	24,580	22,786
Add (deduct) adjustments:		
Manpower rightsizing program	2,625	3,296
Sun Trademark amortization	1,877	—
Losses from changes in fair value of financial assets at FVPL	599	675
Losses on derivative financial instruments – net, excluding hedge costs	284	233
Impairment of investments	60	34
Core income adjustment on equity share in net losses (income) of associates and joint ventures	(6)	(226)
Net income attributable to noncontrolling interests	(296)	(265)
Foreign exchange gains – net	(1,488)	(424)
Net tax effect of aforementioned adjustments	(1,106)	(998)
Total adjustments	2,549	2,325
Consolidated core income	27,129	25,111
Add (deduct) adjustments:		
Share in VIH losses	1,954	1,776
Accelerated depreciation, net	1,496	378
Loss (gain) on sale of Rocket Internet shares	364	(185)
Gain from condonation of debt	(240)	—
Voyager gain on dilution, net	(323)	—
Gain on sale and leaseback of Smart Headquarters, net	(2,293)	—
Total adjustments	958	1,969
Telco core income	28,087	27,080

Results of Operations

The following table shows the contribution by each of our business segments to our consolidated revenues, expenses, other income (expense), income (loss) before income tax, provision for (benefit from) income tax, net income (loss)/segment profit (loss), EBITDA, EBITDA margin, core income and telco core income for the years ended December 31, 2020 and 2019. In each of the years ended December 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 year ended December 31, 2020					
Revenues	104,211	98,739	—	(21,946)	181,004
Expenses	82,946	84,717	12	(22,853)	144,822
Other income (expenses) – net	(2,940)	4,221	(923)	(3,519)	(3,161)
Income (loss) before income tax	18,325	18,243	(935)	(2,612)	33,021
Provision for (benefit from) income tax	3,901	3,734	(617)	1,423	8,441
Net income (loss)/Segment profit (loss)	14,424	14,509	(318)	(4,035)	24,580
EBITDA	60,272	33,405	(12)	(7,507)	86,158
EBITDA margin[(1)]	61%	34%	—	—	50%
Core income (loss)	15,698	15,463	193	(4,225)	27,129
Telco core income	16,475	13,649	2,160	(4,197)	28,087
For the year ended December 31, 2019					
Revenues	96,906	89,406	—	(17,125)	169,187
Expenses	74,359	72,385	101	(17,059)	129,786
Other income (expenses) – net	(5,023)	(259)	(2,112)	329	(7,065)
Income (loss) before income tax	17,524	16,762	(2,213)	263	32,336
Provision for (benefit from) income tax	4,423	5,341	(444)	230	9,550
Net income (loss)/Segment profit (loss)	13,101	11,421	(1,769)	33	22,786
EBITDA	52,789	33,162	(101)	(6,035)	79,815
EBITDA margin[(1)]	58%	38%	—	—	49%
Core income (loss)	13,685	12,531	(1,151)	46	25,111
Telco core income	14,063	12,531	440	46	27,080
Increase (Decrease)					
Revenues	7,305	9,333	—	(4,821)	11,817
Expenses	8,587	12,332	(89)	(5,794)	15,036
Other income (expenses) – net	2,083	4,480	1,189	(3,848)	3,904
Income (loss) before income tax	801	1,481	1,278	(2,875)	685
Provision for (benefit from) income tax	(522)	(1,607)	(173)	1,193	(1,109)
Net income (loss)/Segment profit (loss)	1,323	3,088	1,451	(4,068)	1,794
EBITDA	7,483	243	89	(1,472)	6,343
Core income (loss)	2,013	2,932	1,344	(4,271)	2,018
Telco core income	2,412	1,118	1,720	(4,243)	1,007

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

On a Consolidated Basis

Revenues

We reported consolidated revenues of Php181,004 million in 2020, an increase of Php11,817 million, or 7%, as compared with Php169,187 million in 2019, primarily due to higher revenues from data services in our Wireless and Fixed Line business segments, partially offset by lower revenues from voice and SMS services in our Wireless business segment.

Our consolidated service revenues of Php173,634 million in 2020, increased by Php12,279 million, or 8%, from Php161,355 million in 2019, while our consolidated non-service revenues of Php7,370 million in 2020, decreased by Php462 million, or 6%, from Php7,832 million in 2019.

Consolidated service revenues, net of interconnection costs, amounted to Php171,488 million in 2020, an increase of Php13,771 million, or 9%, from Php157,717 million in 2019.

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

The following table shows the breakdown of our consolidated revenues by services for the years ended December 31, 2020 and 2019:

	Wireless	Fixed Line	Inter-segment Transactions	Consolidated
		(amounts in million Php)		
For the year ended December 31, 2020				
Service Revenues				
Wireless	*98,170*		*(2,422)*	*95,748*
Mobile	97,566		(1,977)	95,589
Home broadband	40		—	40
MVNO and others	564		(445)	119
Fixed Line		*97,410*	*(19,524)*	*77,886*
Voice		29,541	(10,057)	19,484
Data		67,183	(9,119)	58,064
Home broadband		33,045	(81)	32,964
Corporate data and ICT		34,138	(9,038)	25,100
Miscellaneous		686	(348)	338
Total Service Revenues	98,170	97,410	(21,946)	173,634
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	6,041	1,140	—	7,181
Point-product sales	—	189	—	189
Total Non-Service Revenues	6,041	1,329	—	7,370
Total Revenues	104,211	98,739	(21,946)	181,004
For the year ended December 31, 2019				
Service Revenues				
Wireless	*90,661*		*(2,418)*	*88,243*
Mobile	88,865		(1,042)	87,823
Home broadband	85		—	85
MVNO and others	1,711		(1,376)	335
Fixed Line		*87,819*	*(14,707)*	*73,112*
Voice		26,267	(6,377)	19,890
Data		60,764	(7,977)	52,787
Home broadband		28,449	(142)	28,307
Corporate data and ICT		32,315	(7,835)	24,480
Miscellaneous		788	(353)	435
Total Service Revenues	90,661	87,819	(17,125)	161,355
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	6,245	1,223	(30)	7,438
Point-product sales	—	364	30	394
Total Non-Service Revenues	6,245	1,587	—	7,832
Total Revenues	96,906	89,406	(17,125)	169,187

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

	2020	%	2019	%	Change	
					Amount	%
			(amounts in million Php)			
Wireless	104,211	58	96,906	57	7,305	8
Fixed Line	98,739	54	89,406	53	9,333	10
Inter-segment transactions	(21,946)	(12)	(17,125)	(10)	(4,821)	(28)
Consolidated	181,004	100	169,187	100	11,817	7

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

The following table shows our consolidated revenues by market segment for each of our business segments for the years ended December 31, 2020 and 2019.

					Change	
	2020	%	2019	%	Amount	%
	(amounts in million Php)					
Wireless	98,170	55	90,661	*54*	7,509	8
Individual	*83,848*	*46*	*73,843*	*44*	*10,005*	*14*
Home	*884*	*1*	*1,917*	*1*	*(1,033)*	*(54)*
Enterprise	*8,662*	*5*	*6,847*	*4*	*1,815*	*27*
International	*4,776*	*3*	*8,054*	*5*	*(3,278)*	*(41)*
Fixed Line	97,410	53	87,819	52	9,591	*11*
Home	*41,550*	*23*	*37,344*	*22*	*4,206*	*11*
Enterprise	*42,341*	*23*	*41,091*	*24*	*1,250*	*3*
International	*13,414*	*7*	*9,201*	*6*	*4,213*	*46*
Others	*105*	—	*183*	—	*(78)*	*(43)*
Inter-segment Transactions	(21,946)	*(12)*	(17,125)	*(10)*	(4,821)	(28)
Total Service Revenues	**173,634**	**96**	**161,355**	**96**	**12,279**	**8**
Wireless	6,041	3	6,245	*3*	(204)	(3)
Individual	*4,309*	*2*	*4,276*	*2*	*33*	*1*
Enterprise	*1,723*	*1*	*1,959*	*1*	*(236)*	*(12)*
International	*9*	—	*10*	—	*(1)*	*(10)*
Fixed Line	1,329	1	1,587	1	*(258)*	*(16)*
Home	*762*	*1*	*928*	*1*	*(166)*	*(18)*
Enterprise	*567*	—	*659*	—	*(92)*	*(14)*
Total Non-Service Revenues	**7,370**	**4**	**7,832**	**4**	**(462)**	**(6)**
Total Revenues	**181,004**	**100**	**169,187**	**100**	**11,817**	**7**

Expenses

Consolidated expenses increased by Php15,036 million, or 12%, to Php144,822 million in 2020 from Php129,786 million in 2019, primarily due to higher depreciation and amortization, selling, general and administrative expenses, and provisions in our Wireless and Fixed Line business segments, as well as higher interconnection costs in our Fixed Line business segment, partially offset by lower interconnection costs, and cost of sales and services in our Wireless business segment.

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

					Change	
	2020	%	2019	%	Amount	%
	(amounts in million Php)					
Wireless	82,946	58	74,359	57	8,587	12
Fixed Line	84,717	58	72,385	56	12,332	17
Others	12	—	101	—	(89)	(88)
Inter-segment transactions	(22,853)	(16)	(17,059)	(13)	(5,794)	(34)
Consolidated	144,822	100	129,786	100	15,036	12

Other Income (Expenses) – Net

Consolidated other expenses amounted to Php3,161 million in 2020, a decrease of Php3,904 million, or 55%, from Php7,065 million in 2019, primarily due to the combined effects of the following: (i) higher other income – net mainly due to gain on sale and leaseback of Smart Headquarters, partially offset by higher losses on fair value of investments from our Other business segment; (ii) higher foreign exchange gains mainly due to revaluation of net foreign currency-denominated liabilities due to higher level of appreciation of the Philippine peso relative to the U.S. dollar; (iii) lower interest income across our business segments; (iv) higher equity share in net losses from our Fixed Line and Other business segments; and (v) higher financing costs from our Wireless and Fixed Line business segments.

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

	2020	2019	Change Amount	%
	(amounts in million Php)			
Wireless	(2,940)	(5,023)	2,083	41
Fixed Line	4,221	(259)	4,480	1,730
Others	(923)	(2,112)	1,189	56
Inter-segment transactions	(3,519)	329	(3,848)	(1,170)
Consolidated	(3,161)	(7,065)	3,904	55

Net Income (Loss)

Consolidated net income increased by Php1,794 million, or 8%, to Php24,580 million in 2020, from Php22,786 million in 2019, primarily due to higher net income from our Wireless and Fixed Line business segments, as well as lower net loss from our Other business segment. Our consolidated basic and diluted EPS increased to Php112.12 in 2020 from Php103.97 in 2019. Our weighted average number of outstanding common shares was approximately 216.06 million in each of 2020 and 2019.

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

	2020	%	2019	%	Change Amount	%
	(amounts in million Php)					
Wireless	14,424	59	13,101	58	1,323	10
Fixed Line	14,509	59	11,421	50	3,088	27
Others	(318)	(2)	(1,769)	(8)	1,451	82
Inter-segment transactions	(4,035)	(16)	33	—	(4,068)	(12,327)
Consolidated	24,580	100	22,786	100	1,794	8

EBITDA

Our consolidated EBITDA amounted to Php86,158 million in 2020, an increase of Php6,343 million, or 8%, as compared with Php79,815 million 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 years ended December 31, 2020 and 2019:

	2020	%	2019	%	Change Amount	%
	(amounts in million Php)					
Wireless	60,272	70	52,789	66	7,483	14
Fixed Line	33,405	39	33,162	42	243	1
Others	(12)	—	(101)	—	89	88
Inter-segment transactions	(7,507)	(9)	(6,035)	(8)	(1,472)	(24)
Consolidated	86,158	100	79,815	100	6,343	8

Our consolidated EBITDA excluding MRP amounted to Php88,783 million in 2020, an increase of Php5,672 million, or 7%, as compared with Php83,111 million in 2019.

Core Income

Our consolidated core income amounted to Php27,129 million in 2020, an increase of Php2,018 million, or 8%, as compared with Php25,111 million in 2019 mainly on account of higher EBITDA and other miscellaneous income, partly offset by higher depreciation and amortization and financing costs, as well as higher equity share in net losses. Our consolidated basic and diluted core EPS increased to Php125.29 in 2020 from Php115.95 in 2019.

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

	2020	%	2019	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	15,698	58	13,685	55	2,013	15
Fixed Line	15,463	57	12,531	50	2,932	23
Others	193	1	(1,151)	(5)	1,344	117
Inter-segment transactions	(4,225)	(16)	46	—	(4,271)	(9,285)
Consolidated	27,129	100	25,111	100	2,018	8

Our consolidated telco core income amounted to Php28,087 million in 2020, an increase of Php1,007 million, or 4%, as compared with Php27,080 million in 2019 mainly due to higher EBITDA and other miscellaneous income, partially offset by higher depreciation and amortization, and financing costs.

The following table shows the breakdown of our consolidated telco core income by business segment for the years ended December 31, 2020 and 2019:

	2020	%	2019	%	Change Amount	Change %
			(amounts in million Php)			
Wireless	16,475	59	14,063	52	2,412	17
Fixed Line	13,649	48	12,531	46	1,118	9
Others	2,160	8	440	2	1,720	391
Inter-segment transactions	(4,197)	(15)	46	—	(4,243)	(9,224)
Consolidated	28,087	100	27,080	100	1,007	4

On a Business Segment Basis

Wireless

Revenues

We generated revenues of Php104,211 million from our Wireless business segment in 2020, an increase of Php7,305 million, or 8%, from Php96,906 million in 2019.

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

	2020	%	2019	%	Increase (Decrease) Amount	Increase (Decrease) %
			(amounts in million Php)			
Service Revenues:						
Mobile	97,566	93	88,865	92	8,701	10
Home broadband	40	—	85	—	(45)	(53)
MVNO and others[(1)]	564	1	1,711	2	(1,147)	(67)
Total Wireless Service Revenues	98,170	94	90,661	94	7,509	8
Non-Service Revenues:						
Sale of mobile handsets and broadband data modems	6,041	6	6,245	6	(204)	(3)
Total Wireless Revenues	104,211	100	96,906	100	7,305	8

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

Service Revenues

Our wireless service revenues increased by Php7,509 million, or 8%, to Php98,170 million in 2020 as compared with Php90,661 million in 2019, primarily due to higher mobile revenues, partly offset by lower revenues from home broadband and MVNO and other services. As a percentage of our total wireless revenues, service revenues accounted for 94% in each of 2020 and 2019.

Mobile Services

Our mobile service revenues amounted to Php97,566 million in 2020, an increase of Php8,701 million, or 10%, from Php88,865 million in 2019. Mobile service revenues accounted for 99% and 98% of our wireless service revenues in 2020 and 2019, respectively.

The following table shows the breakdown of our mobile service revenues for the years ended December 31, 2020 and 2019:

					Increase (Decrease)	
	2020	**%**	**2019**	**%**	**Amount**	**%**
			(amounts in million Php)			
Mobile Services:						
Data	66,731	69	52,848	59	13,883	26
Voice	21,542	22	24,597	28	(3,055)	(12)
SMS	6,937	7	9,907	11	(2,970)	(30)
Inbound roaming and others[1]	2,356	2	1,513	2	843	56
Total	97,566	100	88,865	100	8,701	10

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

Data Services

Mobile revenues from our data services, which include mobile internet, mobile broadband and other data services, increased by Php13,883 million, or 26%, to Php66,731 million in 2020 from Php52,848 million in 2019 due to growth in mobile internet usage that was driven mainly by an increased demand for data connectivity amidst the pandemic to conform with the "new normal" ways of working and schooling. This was further boosted by enhanced data products, consumer engagement promotions, and continuous network improvement and LTE migration. Data services accounted for 69% and 59% of our mobile service revenues in 2020 and 2019, respectively.

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

					Increase (Decrease)	
	2020	**%**	**2019**	**%**	**Amount**	**%**
			(amounts in million Php)			
Data Services:						
Mobile internet[1]	62,327	93	48,399	91	13,928	29
Mobile broadband	3,171	5	3,547	7	(376)	(11)
Other data	1,233	2	902	2	331	37
Total	66,731	100	52,848	100	13,883	26

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

Mobile Internet

Mobile internet service revenues increased by Php13,928 million, or 29%, to Php62,327 million in 2020 from Php48,399 million in 2019, primarily due to the following: (i) increase in the use of video, gaming and social media data usage by our subscribers driven by the enhanced product offerings, marketing promotions and content partnerships; (ii) increase in digital productivity requirements from work-from-home and study-from-home environment; (iii) expansion of distribution channels, particularly using digital platforms; and (iv) LTE migration initiatives that further increased the number of LTE device and data users. Smart remains to have the fastest Mobile Data network in the country as verified by independent third-party agencies, *Ookla and OpenSignal*.

Mobile internet services accounted for 64% and 54% of our mobile service revenues in 2020 and 2019, respectively.

Mobile Broadband

Mobile broadband revenues amounted to Php3,171 million in 2020, a decrease of Php376 million, or 11%, from Php3,547 million in 2019, primarily due to a decrease in the number of broadband subscribers as users shifted to using mobile internet, home fiber and WiFi services. Meanwhile, there was a noted increase in activations of Smart's WiFi products in the third quarter of 2020 to cater to the needs of students and the workforce at home, which also serves as a backup service to their fixed home connections. Mobile broadband services accounted for 3% and 4% of our mobile service revenues in 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 Php331 million, or 37%, to Php1,233 million in 2020 from Php902 million in 2019, primarily due to higher revenues from domestic leased lines and VAS via Direct Carrier Billing, which includes revenues from video subscriptions and mobile gaming in-app purchases.

Voice Services

Mobile revenues from our voice services, which include all voice traffic, decreased by Php3,055 million, or 12%, to Php21,542 million in 2020 from Php24,597 million in 2019, due to subscribers' shift to alternative calling options and other OTT services. Mobile voice services accounted for 22% and 28% of our mobile service revenues in 2020 and 2019, respectively.

Domestic voice service revenues decreased by Php2,908 million, or 13%, to Php18,922 million in 2020 from Php21,830 million 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 Php147 million, or 5%, to Php2,620 million in 2020 from Php2,767 million in 2019, primarily due to the impact of the pandemic on OFWs and international travelers.

SMS Services

Mobile revenues from our SMS services, which include all SMS-related services, decreased by Php2,970 million, or 30%, to Php6,937 million in 2020 from Php9,907 million in 2019, mainly due to the decline in SMS volumes arising from the increased adoption of alternative messaging solutions, such as OTT services, social media, and messenger application, combined with the impact of the removal of interconnection charges for domestic mobile SMS services. Mobile SMS services accounted for 7% and 11% of our mobile service revenues in 2020 and 2019, respectively.

Inbound Roaming and Others

Mobile revenues from inbound roaming and other services increased by Php843 million, or 56%, to Php2,356 million in 2020 from Php1,513 million in 2019, mainly due to facility service fees related to fixed wireless business.

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

			Increase (Decrease)	
	2020	**2019**	**Amount**	**%**
		(amounts in million Php)		
Mobile service revenues	97,566	88,865	8,701	10
By service type				
Prepaid	75,790	67,850	7,940	12
Postpaid	19,420	19,502	(82)	—
Inbound roaming and others	2,356	1,513	843	56

Prepaid Revenues

Revenues generated from our mobile prepaid services amounted to Php75,790 million in 2020, an increase of Php7,940 million, or 12%, as compared with Php67,850 million in 2019. Mobile prepaid service revenues accounted for 78% and 76% of mobile service revenues in 2020 and 2019, respectively. The increase in revenues from our mobile prepaid services was attributed to higher average daily top-ups, driven by the sustained growth in mobile internet usages.

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

Postpaid Revenues

Revenues generated from mobile postpaid services amounted to Php19,420 million in 2020, lower by Php82 million as compared with Php19,502 million in 2019, primarily due to a decline in the postpaid subscriber base. Mobile postpaid service revenues accounted for 20% and 22% of mobile service revenues in 2020 and 2019, respectively.

Subscriber Base, ARPU and Churn Rates

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

			Increase (Decrease)	
	2020	**2019**	**Amount**	**%**
Mobile subscriber base				
Smart[1]	30,533,816	27,335,602	3,198,214	12
Prepaid	*29,090,167*	*25,866,195*	*3,223,972*	*12*
Postpaid	*1,443,649*	*1,469,407*	*(25,758)*	*(2)*
TNT	41,688,854	38,308,363	3,380,491	9
Sun[1]	711,169	7,474,190	(6,763,021)	(90)
Prepaid	—	*6,547,231*	*(6,547,231)*	*(100)*
Postpaid	*711,169*	*926,959*	*(215,790)*	*(23)*
Total mobile subscribers	72,933,839	73,118,155	(184,316)	—

(1) *Includes mobile broadband subscribers.*
(2) *Beginning October 2020, Sun Prepaid subscribers were rebranded as Smart Prepaid.*

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 4.8% and 4.1% in 2020 and 2019, respectively, while the average monthly churn rates for TNT subscribers were 4.2% and 4.0% in 2020 and 2019, respectively. The average monthly churn rate for Sun Prepaid subscribers was 4.5% in 2019.

The average monthly churn rates for Smart Postpaid subscribers were 2.3% and 2.1% in 2020 and 2019, respectively. The average monthly churn rates for Sun Postpaid subscribers were 3.1% and 2.0% in 2020 and 2019, respectively.

The following table summarizes our average monthly ARPUs for the years ended December 31, 2020 and 2019:

	Gross[(1)]		Increase (Decrease)		Net[(2)]		Increase (Decrease)	
	2020	2019	Amount	%	2020	2019	Amount	%
				(amounts in Php)				
Prepaid								
Smart	*133*	*132*	*1*	*1*	*113*	*116*	*(3)*	*(3)*
TNT	*91*	*77*	*14*	*18*	*79*	*69*	*10*	*14*
Sun	—	*84*	*(84)*	*(100)*	—	*75*	*(75)*	*(100)*
Postpaid								
Smart	*844*	*824*	*20*	*2*	*813*	*806*	*7*	*1*
Sun	*386*	*418*	*(32)*	*(8)*	*375*	*411*	*(36)*	*(9)*

(1) *Gross monthly ARPU is calculated by dividing gross mobile service revenues for the month, including interconnection income but excluding inbound roaming revenues, gross of discounts, and content provider costs, by the average number of subscribers in the month.*
(2) *Net monthly ARPU is calculated by dividing gross mobile service revenues for the month, including interconnection income, but excluding inbound roaming revenues, net of discounts and content provider costs, by the average number of subscribers in the month.*
(3) *Beginning October 2020, Sun Prepaid subscribers were rebranded as Smart Prepaid.*

Home Broadband

Revenues from our Home Broadband services amounted to Php40 million in 2020, a decrease of Php45 million, or 53%, from Php85 million in 2019, primarily due to a decrease in the number of subscribers.

MVNO and Others

Revenues from our MVNO and other services amounted to Php564 million in 2020, a decrease of Php1,147 million, or 67%, from Php1,711 million 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 decreased by Php204 million, or 3%, to Php6,041 million in 2020 from Php6,245 million in 2019, primarily due to lower quantity of mobile handsets issued as a result of the temporary closure of Smart Stores and Sun Shops brought about by the community quarantine measures during the pandemic.

Expenses

Expenses associated with our Wireless business segment amounted to Php82,946 million in 2020, an increase of Php8,587 million, or 12%, from Php74,359 million in 2019. The increase was mainly attributable to higher depreciation and amortization, selling, general and administrative expenses, and provisions, partially offset by lower interconnection costs, and cost of sales and services. As a percentage of our total wireless revenues, expenses associated with our Wireless business segment accounted for 80% and 77% in 2020 and 2019, respectively.

The following table summarizes the breakdown of our total wireless-related expenses for the years ended December 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	37,108	45	32,009	43	5,099	16
Depreciation and amortization	35,134	42	29,484	40	5,650	19
Cost of sales and services	8,041	10	9,324	13	(1,283)	(14)
Provisions	2,026	2	1,011	1	1,015	100
Interconnection costs	467	1	2,409	3	(1,942)	(81)
Asset impairment	170	—	122	—	48	39
Total	82,946	100	74,359	100	8,587	12

Selling, general and administrative expenses increased by Php5,099 million, or 16%, to Php37,108 million, primarily due to higher expenses related to amortization of intangible assets mainly on account of trademark amortization, taxes and licenses, selling and promotions, and rent, partly offset by lower expenses related to professional and other contracted services, compensation and employee benefits, and communication, training and travel.

Depreciation and amortization charges increased by Php5,650 million, or 19%, to Php35,134 million, mainly on account of higher depreciation due to shortened life of certain network, technology and other equipment resulting from the migration to faster speed LTE and 5G technologies, as well as transformation and cost reengineering initiatives, combined with higher depreciation of right-of-use asset.

Cost of sales and services decreased by Php1,283 million, or 14%, to Php8,041 million, primarily due to lower number of units issued for mobile handsets during the temporary closure of Smart Stores and Sun Shops as a result of the community quarantine, coupled by lower cost of content and services.

Provisions increased by Php1,015 million, or 100%, to Php2,026 million, mainly on account of higher expected credit losses primarily driven by the impact of the pandemic to the economy.

Interconnection costs decreased by Php1,942 million, or 81%, to Php467 million, primarily due to lower interconnection cost on domestic voice and SMS services, as a result of the removal of mobile domestic interconnection fees.

Asset impairment, consisting mainly of impairment of contract assets, increased by Php48 million, or 39%, to Php170 million.

Other Income (Expenses) – Net

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

			Change	
	2020	**2019**	**Amount**	**%**
	(amounts in million Php)			
Other Income (Expenses) – Net:				
Financing costs – net	(6,886)	(6,422)	(464)	(7)
Losses on derivative financial instruments – net	(126)	(243)	117	48
Foreign exchange gains – net	431	118	313	(265)
Interest income	537	703	(166)	(24)
Other income – net	3,104	821	2,283	278
Total	(2,940)	(5,023)	2,083	41

Our Wireless business segment's other expenses amounted to Php2,940 million in 2020, a decrease of Php2,083 million, or 41%, from Php5,023 million in 2019, primarily due to the combined effects of the following: (i) higher other income – net by Php2,283 million mainly due to higher other miscellaneous income; (ii) higher net foreign exchange gains by Php313 million on account of revaluation of net foreign currency-denominated liabilities due to higher level of appreciation of the Philippine peso relative to the U.S. dollar; (iii) lower net losses on derivative financial instruments by Php117 million; (iv) lower interest income by Php166 million; and (v) higher net financing costs by Php464 million mainly due to higher interest expense on loans resulting from higher outstanding loan balance and lower capitalized interest.

Provision for Income Tax

Provision for income tax amounted to Php3,901 million in 2020, a decrease of Php522 million, or 12%, from Php4,423 million in 2019.

Net Income

As a result of the foregoing, our Wireless business segment's net income increased by Php1,323 million, or 10%, to Php14,424 million in 2020 from Php13,101 million in 2019.

EBITDA

Our Wireless business segment's EBITDA increased by Php7,483 million, or 14%, to Php60,272 million in 2020 from Php52,789 million in 2019. EBITDA margin increased to 61% in 2020 from 58% in 2019.

Core Income

Our Wireless business segment's core income increased by Php2,013 million, or 15%, to Php15,698 million in 2020 from Php13,685 million in 2019, mainly on account of higher EBITDA and other miscellaneous income, partially offset by higher depreciation and amortization, and net financing costs.

Fixed Line

Revenues

Revenues generated from our Fixed Line business segment amounted to Php98,739 million in 2020, an increase of Php9,333 million, or 10%, from Php89,406 million in 2019.

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

					Increase (Decrease)	
	2020	%	2019	%	Amount	%
			(amounts in million Php)			
Service Revenues:						
Data	67,183	68	60,764	68	6,419	11
Voice	29,541	30	26,267	29	3,274	12
Miscellaneous	686	1	788	1	(102)	(13)
	97,410	99	87,819	98	9,591	11
Non-Service Revenues:						
Sale of computers, phone units and point-product sales	1,329	1	1,587	2	(258)	(16)
Total Fixed Line Revenues	98,739	100	89,406	100	9,333	10

Service Revenues

Our fixed line service revenues increased by Php9,591 million, or 11%, to Php97,410 million in 2020 from Php87,819 million in 2019, primarily due to higher revenues from our data and voice services.

Data Services

Our data services posted revenues of Php67,183 million in 2020, an increase of Php6,419 million, or 11%, from Php60,764 million in 2019, primarily due to higher revenues from home broadband, corporate data and leased lines, and ICT services. The percentage contribution of this service segment to our fixed line service revenues accounted for 69% in each of the years ended December 31, 2020 and 2019.

The following table shows information of our data service revenues for the years ended December 31, 2020 and 2019:

			Increase	
	2020	2019	Amount	%
		(amounts in million Php)		
Data service revenues	67,183	60,764	6,419	11
Corporate data and ICT	34,138	32,315	1,823	6
Home broadband	33,045	28,449	4,596	16

Corporate Data and ICT

Corporate data services amounted to Php28,110 million in 2020, an increase of Php1,429 million, or 5%, as compared with Php26,681 million in 2019, mainly due to the sustained demand for broadband internet and data networking services. Corporate data revenues accounted for 42% and 44% of total data services for the years ended December 31, 2020 and 2019, respectively.

ICT revenues increased by Php394 million, or 7%, to Php6,028 million in 2020 from Php5,634 million in 2019 mainly due to higher revenues from data centers, cloud and cybersecurity. The percentage contribution of this service segment to our total data service revenues accounted for 9% in each of the years ended December 31, 2020 and 2019.

Home Broadband

Home broadband data revenues amounted to Php33,045 million in 2020, an increase of Php4,596 million, or 16%, from Php28,449 million in 2019. This growth is driven by increasing demand for broadband services, including fixed wired (PLDT Home Fibr) and fixed wireless (PLDT Home WiFi). PLDT Home offers broadband services through the nationwide roll-out of its fiber-to-the-home, or FTTH, network and its existing copper network. Home broadband revenues accounted for 49% and 47% of total data service revenues in 2020 and 2019, respectively. PLDT's FTTH nationwide network roll-out has reached approximately 9.0 million homes passed as of December 31, 2020.

Voice Services

Revenues from our voice services increased by Php3,274 million, or 12%, to Php29,541 million in 2020 from Php26,267 million in 2019, primarily due to higher revenues from international services of PLDT Global, partly offset by lower revenues from domestic and local exchange services. The decline in domestic and local exchange services was partly due to the continued popularity of services such as Skype, Viber, Line, Facebook Messenger, Google Talk and WhatsApp, offering free OTT calling services, and other similar services, as well as subscribers' shift to mobile services. The percentage contribution of voice service revenues to our fixed line service revenues accounted for 30% in each of the years ended December 31, 2020 and 2019.

Miscellaneous Services

Miscellaneous service revenues are derived mostly from rentals and management fees. These service revenues decreased by Php102 million, or 13%, to Php686 million in 2020 from Php788 million in 2019. The percentage contribution of miscellaneous service revenues to our total fixed line service revenues accounted for 1% in each of the years ended December 31, 2020 and 2019.

Non-service Revenues

Non-service revenues decreased by Php258 million, or 16%, to Php1,329 million in 2020 from Php1,587 million in 2019, primarily due to lower sale of hardware, Telpad units, and computer bundles, partially offset by higher sale of Prepaid Home WiFi and managed ICT equipment.

Expenses

Expenses related to our Fixed Line business segment totaled Php84,717 million in 2020, an increase of Php12,332 million, or 17%, as compared with Php72,385 million in 2019. The increase was primarily due to higher interconnection costs, selling, general and administrative expenses, depreciation and amortization, and provisions. As a percentage of our total fixed line revenues, expenses associated with our Fixed Line business segment accounted for 86% and 81% in 2020 and 2019, respectively.

The following table shows the breakdown of our total fixed line-related expenses for the years ended December 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	43,860	52	40,856	56	3,004	7
Depreciation and amortization	19,383	23	16,141	22	3,242	20
Interconnection costs	11,715	14	7,577	11	4,138	55
Provisions	5,394	6	3,530	5	1,864	53
Cost of sales and services	4,269	5	4,112	6	157	4
Asset impairment	96	—	169	—	(73)	(43)
Total	84,717	100	72,385	100	12,332	17

Selling, general and administrative expenses increased by Php3,004 million, or 7%, to Php43,860 million primarily due to higher expenses related to compensation and employee benefits, mainly on account of higher pension benefits, repairs and maintenance, professional and other contracted services, and selling and promotions, partly offset by lower rent, taxes and licenses, and communication, training and travel expenses.

Depreciation and amortization charges increased by Php3,242 million, or 20%, to Php19,383 million mainly on account of higher depreciable asset base and depreciation due to shortened life of certain network equipments, resulting from the migration to FTTH, combined with higher depreciation of right-of-use asset.

Interconnection costs increased by Php4,138 million, or 55%, to Php11,715 million, primarily due to higher international interconnection costs of PLDT Global.

Provisions increased by Php1,864 million, or 53%, to Php5,394 million, primarily due to higher provisions for expected credit losses mainly on account of lower collection efficiency and decline in macroeconomic factors, and higher provision for inventory obsolescence.

Cost of sales and services increased by Php157 million, or 4%, to Php4,269 million, primarily due to higher cost of sale of Prepaid Home WiFi and managed ICT equipment, partly offset by lower cost of services, as well as lower cost of hardware, Telpad units and computer bundles.

Asset impairment, consisting mainly of impairment of contract assets, decreased by Php73 million, or 43%, to Php96 million.

Other Income (Expenses) – Net

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

			Change	
	2020	2019	Amount	%
		(amounts in million Php)		
Other Income (Expenses) – Net:				
Foreign exchange gains – net	1,153	400	753	188
Interest income	636	680	(44)	(6)
Equity share in net earnings of associates	50	568	(518)	(91)
Losses on derivative financial instruments – net	(270)	(196)	(74)	(38)
Financing costs – net	(6,059)	(5,078)	(981)	(19)
Other income – net	8,711	3,367	5,344	159
Total	4,221	(259)	4,480	1,730

Our Fixed Line business segment's other income amounted to Php4,221 million in 2020, a change of Php4,480 million as against other expenses of Php259 million in 2019, primarily due to the combined effects of the following: (i) higher other income – net by Php5,344 million mainly due to gain on sale and leaseback of Smart Headquarters and other miscellaneous income; (ii) higher net foreign exchange gains by Php753 million on account of revaluation of net foreign currency-denominated liabilities due to higher level of appreciation of the Philippine peso relative to the U.S. dollar; (iii) lower interest income by Php44 million; (iv) higher net losses on derivative financial instruments by Php74 million; (v) lower equity share in net earnings of associates by Php518 million; and

(vi) higher net financing costs by Php981 million mainly due to higher interest expense on loans resulting from higher outstanding loan balance, partially offset by higher capitalized interest.

Provision for Income Tax

Provision for income tax amounted to Php3,734 million in 2020, a decrease of Php1,607 million, or 30%, from Php5,341 million in 2019.

Net Income

As a result of the foregoing, our Fixed Line business segment registered a net income of Php14,509 million in 2020, an increase of Php3,088 million, or 27%, as compared with Php11,421 million in 2019.

EBITDA

Our Fixed Line business segment's EBITDA increased by Php243 million, or 1%, to Php33,405 million in 2020 from Php33,162 million in 2019. EBITDA margin decreased to 34% in 2020 from 38% in 2019.

Core Income

Our Fixed Line business segment's core income increased by Php2,932 million, or 23%, to Php15,463 million in 2020 from Php12,531 million in 2019, primarily due to higher EBITDA and other miscellaneous income, as well as lower provision for income tax, partially offset by higher depreciation and amortization, and net financing costs.

<u>Others</u>

Revenues

Revenues generated from our Other business segment amounted to nil in each of 2020 and 2019.

Expenses

Expenses related to our Other business segment decreased by Php89 million, or 88%, to Php12 million in 2020 from Php101 million in 2019.

Other Income (Expenses) – Net

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

			Change	
	2020	**2019**	**Amount**	**%**
		(amounts in million Php)		
Other Income (Expenses) – Net:				
Equity share in net losses of associates and joint ventures	(2,378)	(2,103)	(275)	(13)
Financing costs – net	(55)	–	(55)	(100)
Foreign exchange losses – net	(48)	(76)	28	37
Gains on derivative financial instruments – net	18	155	(137)	(88)
Interest income	92	362	(270)	(75)
Other income – net	1,448	(450)	1,898	422
Total	(923)	(2,112)	1,189	56

Our Other business segment's other expenses amounted to Php923 million in 2020, a decrease of Php1,189 million, or 56%, from Php2,112 million in 2019, primarily due to the combined effects of the following: (i) other income – net of Php1,448 million in 2020 as against other expenses of Php450 million in 2019 mainly due to losses on fair value of Phunware investment in 2019 and higher other miscellaneous income, partially offset by losses on fair value in 2020 as against gains on fair value in 2019 of Rocket Internet investment, and higher losses on fair value of iflix investment; (ii) lower net foreign exchange losses by Php28 million; (iii) net financing costs of Php55 million in 2020; (iv) lower net gains on derivative financial instruments by Php137 million; (v) lower interest income by Php270 million; and (vi) higher equity share in net losses of associates and joint ventures by Php275 million mainly due to equity share in net losses in 2020 as against equity share in net earnings in 2019 of Multisys, and higher equity share in net losses of VIH.

Net Income (Loss)

As a result of the foregoing, our Other business segment registered a net loss of Php318 million in 2020, a decrease of Php1,451 million, or 82%, from Php1,769 million in 2019.

Core Income (Loss)

Our Other business segment's core income amounted to Php193 million in 2020 as against core loss of Php1,151 million in 2019.

Liquidity and Capital Resources

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

	Years ended December 31,	
	2020	2019
	(amounts in million Php)	
Cash Flows		
Net cash flows provided by operating activities	87,515	69,392
Net cash flows used in investing activities	(74,348)	(84,316)
Payment for purchase of property and equipment, including capitalized interest	*(78,100)*	*(89,701)*
Net cash flows provided by (used in) financing activities	3,703	(11,613)
Net increase (decrease) in cash and cash equivalents	15,868	(27,285)

	December 31,	
	2020	2019
	(amounts in million Php)	
Capitalization		
Long-term portion of interest-bearing financial liabilities – net of current portion:		
Long-term debt	205,195	172,834
Current portion of interest-bearing financial liabilities:		
Long-term debt maturing within one year	17,570	19,722
Total interest-bearing financial liabilities	222,765	192,556
Total equity attributable to equity holders of PLDT	115,408	111,987
	338,173	304,543
Other Selected Financial Data		
Total assets	575,846	525,027
Property and equipment	260,868	232,134
Cash and cash equivalents	40,237	24,369
Short-term investments	989	314

Our consolidated cash and cash equivalents and short-term investments totaled Php41,226 million as at December 31, 2020. Principal sources of consolidated cash and cash equivalents in 2020 were cash flows from operating activities amounting to Php87,515 million, proceeds from availment of long-term and short-term debts of Php61,271 million and Php10,000 million, respectively, proceeds from maturity of short-term investments of Php4,375 million, collection of Metro Pacific Investments Corporation, or MPIC, receivables of Php2,826 million, proceeds from disposal of Rocket Internet shares of Php2,127 million and interest received of Php1,106 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php78,100 million; (2) long-term debt principal and interest payments of Php28,365 million and Php8,343 million, respectively; (3) cash dividend payments of Php16,721 million; (4) payment of short-term debt of Php10,000 million; (5) payment for purchase of short-term investments of Php5,147 million; (6) settlement of obligations under lease liabilities of Php2,541 million; and (7) payment for purchase of investment in debt securities of Php1,194 million.

Our consolidated cash and cash equivalents and short-term investments totaled Php24,683 million as at December 31, 2019. Principal sources of consolidated cash and cash equivalents in 2019 were cash flows from operating activities amounting to Php69,392 million, proceeds from availment of long-term debt of Php37,500 million, interest received of Php1,723 million, collection of receivables from MPIC of Php1,771 million, proceeds from disposal of Rocket Internet shares of Php1,021 million and net proceeds from maturity of short-term investments of Php843 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php89,701 million; (2) debt principal and interest payments of Php20,494 million and Php7,143 million, respectively; (3) cash dividend payments of Php15,592 million; and (4) settlement of obligations under lease liabilities of Php5,399 million.

Operating Activities

Our consolidated net cash flows provided by operating activities increased by Php18,123 million, or 26%, to Php87,515 million in 2020 from Php69,392 million in 2019, primarily due to lower prepayments, lower pension and other employee benefits, and lower level of settlement of other noncurrent liabilities and accrued expenses and other current liabilities, partially offset by higher level of settlement of accounts payable.

Investing Activities

Consolidated net cash flows used in investing activities amounted to Php74,348 million in 2020, a decrease of Php9,968 million, or 12%, from Php84,316 million in 2019, primarily due to the combined effects of the following: (1) lower payment for purchase of property and equipment, including capitalized interest, by Php11,601 million; (2) higher proceeds from disposal of Rocket internet shares by Php1,106 million; (3) higher level of collection of MPIC receivables by Php1,055 million; (4) lower interest received by Php617 million; (5) net payment for purchase of investment in debt securities of Php1,044 million in 2020; and (6) net payment for purchase of short-term investment of Php772 million in 2020 as against net proceeds from maturity of short-term investments of Php843 million in 2019.

Our consolidated payment for purchase of property and equipment, including capitalized interest, in 2020 totaled Php78,100 million, a decrease of Php11,601 million, or 13%, as compared with Php89,701 million in 2019. Smart's payment for purchase of property, including capitalized interest, decreased by Php15,100 million, or 28%, to Php39,002 million in 2020 from Php54,102 million in 2019. Smart's capex spending was primarily focused on expansion of LTE (4G) coverage and capacity, and rollout of 5G base stations in key business districts of Metro Manila, and key cities in Visayas and Mindanao. PLDT's payment for purchase of property, including capitalized interest, increased by Php4,332 million, or 13%, to Php38,291 million in 2020 from Php33,959 million in 2019. PLDT's capex spending was used to finance the fixed line expansion, modernization and upgrade of transport network, continuous expansion of fiber optic footprint nationwide, and expansion of our international submarine cable network. The balance represents other subsidiaries' capital spending.

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

Financing Activities

On a consolidated basis, cash flows provided by financing activities amounted to Php3,703 million in 2020, as against cash flows used in financing activities of Php11,613 million in 2019, primarily due to the combined effects of the following: (1) higher proceeds from availment of long-term debt by Php23,771 million; (2) lower settlement of obligations under lease liabilities by Php2,858 million; (3) higher payment of debt issuance costs by Php732 million; (4) higher interest paid by Php1,200 million; (5) higher cash dividends paid by Php1,129 million; and (6) higher payments of long-term debt by Php7,871 million.

Debt Financing

Proceeds from availment of long-term and short-term debts in 2020 amounted to Php61,271 million and Php10,000 million, respectively, mainly from PLDT's issuance of fixed rate U.S. Dollar notes and PLDT's and Smart's drawings related to refinancing of maturing loan obligations, prepayment of outstanding loans and financing of capital expenditure requirements. Payments of principal on our long-term and short-term debts in 2020 amounted to Php28,365 million and Php10,000 million, respectively, while payment of interest amounted to Php8,343 million.

Our consolidated long-term debt increased by Php30,209 million, or 16%, to Php222,765 million as at December 31, 2020 from Php192,556 million as at December 31, 2019, primarily due to issuance of fixed rate U.S. Dollar notes and drawings from our long-term and short-term facilities, partly offset by debt amortizations and prepayments. As at December 31, 2020, Smart's long-term debt level increased by 1%, to Php78,764 million from Php78,152 as at December 31, 2019, and PLDT's long-term debt level increased by 26% to Php144,001 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 December 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 for the years ended December 31, 2020 and 2019:

Class	Date			Amount	
	Approved[1]	Record	Payable	Per Share	Total
				(in million Php, except per share amount)	
2020					
Common					
Regular Dividend	March 5, 2020	March 19, 2020	April 3, 2020	39	8,426
	August 6, 2020	August 20, 2020	September 4, 2020	38	8,210
Preferred					
10% Cumulative Convertible Redeemable Preferred Stock Series JJ	April 8, 2020	February 11, 2020	May 12, 2020	0.0027/day	–
Series IV Cumulative Non-convertible Redeemable Preferred Stock[1]	January 28, 2020	February 24, 2020	March 15, 2020	–	12
	May 7, 2020	May 21, 2020	June 15, 2020	–	13
	August 6, 2020	August 20, 2020	September 15, 2020	–	12
	November 5, 2020	November 19, 2020	December 15, 2020	–	12
Voting Preferred Stock	March 5, 2020	March 25, 2020	April 15, 2020	–	3
	June 9, 2020	June 24, 2020	July 15, 2020	–	2
	September 29, 2020	October 13, 2020	October 15, 2020	–	2
	December 3, 2020	December 18, 2020	January 15, 2021	–	3
Charged to Retained Earnings					16,695
2019					
Common					
Regular Dividend	March 21, 2019	April 4, 2019	April 23, 2019	36	7,778
	August 8, 2019	August 27, 2019	September 10, 2019	36	7,778
Preferred					
10% Cumulative Convertible Redeemable Preferred Stock Series JJ	May 9, 2019	May 31, 2019	June 28, 2019	1	–
Series IV Cumulative Non-convertible Redeemable Preferred Stock[1]	January 29, 2019	February 22, 2019	March 15, 2019	–	12
	May 9, 2019	May 24, 2019	June 15, 2019	–	12
	August 8, 2019	August 27, 2019	September 15, 2019	–	13
	November 7, 2019	November 22, 2019	December 15, 2019	–	12
Voting Preferred Stock	March 7, 2019	March 27, 2019	April 15, 2019	–	3
	June 11, 2019	June 28, 2019	July 15, 2019	–	2
	September 24, 2019	October 8, 2019	October 15, 2019	–	2
	December 3, 2019	December 18, 2019	January 15, 2020	–	3
Charged to Retained Earnings					15,615

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

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

Class	Date			Amount	
	Approved[1]	Record	Payable	Per Share	Total
				(in million Php, except per share amount)	
Common					
Regular Dividend	March 4, 2021	March 18, 2021	April 6, 2021	40	8,642
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[1]	January 26, 2021	February 22, 2021	March 15, 2021	–	12
Voting Preferred Stock	March 4, 2021	March 24, 2021	April 15, 2021	–	3
Charged to Retained Earnings					8,657

(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 Php575,846 million as at December 31, 2020, an increase of Php50,819 million, or 10%, from Php525,027 million as at December 31, 2019, primarily due to higher property and equipment, prepayments, and cash and cash equivalents.

Our total liabilities amounted to Php456,181 million as at December 31, 2020, an increase of Php47,444 million, or 12%, from Php408,737 million as at December 31, 2019, primarily due to higher interest-bearing financial liabilities.

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 and 2020. 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 Php16,721 million in 2020 as compared with Php15,592 million paid to shareholders in 2019.

Contractual Obligations and Commercial Commitments

Contractual Obligations

For a detailed discussion of our consolidated contractual undiscounted obligations as at December 31, 2020 and 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 December 31, 2020 and 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 December 31, 2020 and 2019 other than those whose carrying amounts are reasonable approximations of fair values:

	Fair Values	
	December 31,	
	2020	2019
	(amounts in million Php)	
Noncurrent Financial Assets		
Debt instruments at amortized cost	1,163	–
Other financial assets – net of current portion	2,561	1,657
Total noncurrent financial assets	3,724	1,657
Noncurrent Financial Liabilities		
Interest-bearing financial liabilities	213,908	169,965
Customers' deposits	1,821	1,539
Deferred credits and other noncurrent liabilities	1,562	1,953
Total noncurrent financial liabilities	217,291	173,457

The following table sets forth the amount of gains (losses) recognized for the financial assets and liabilities for the year ended December 31, 2020 and the nine months ended September 30, 2020:

	December 31,	September 30,
	2020	2020
	(amounts in million Php)	
Profit and Loss		
Interest income	1,210	911
Losses on derivative financial instruments – net	(378)	(341)
Accretion on financial liabilities	(146)	(104)
Interest on loans and other related items	(10,333)	(7,738)
Other Comprehensive Income		
Net fair value losses on cash flow hedges – net of tax	(306)	(213)

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 years ended December 31, 2020 and 2019 were 2.6% and 2.5%, respectively. We expect inflation to stay within the 2% to 4% target range of the BSP.

PART II – OTHER INFORMATION

Sale of PLDT Prepaid Home WiFi (PHW) Subscribers to Smart

On January 29, 2021, PLDT and Smart entered into a Sale/Purchase Agreement for the transfer of PLDT's PHW subscribers to Smart to consolidate fixed wireless services under Smart in order to optimize shared resources for wireless broadband, have seamless upgrades and cross-selling of products for simplified customer experience, and to better manage network costs and wireless network capacity.

The transfer of PHW subscribers took effect on March 1, 2021 after compliance with the NTC's required 30-day notice to subscribers. The initial purchase price for the transfer, together with the Prepaid Home WiFi inventories and unearned revenues, amounts to Php1,455 million, exclusive of value-added tax, subject to purchase price adjustment. This transaction is eliminated in our consolidated financial statements.

Sun Prepaid Rebranding to Smart

On October 21, 2020, Smart and DMPI entered into a Rebranding Agreement wherein Sun Prepaid subscribers were rebranded as Smart Prepaid subscribers. The brand consolidation under Smart aims to capitalize on Smart's robust mobile data network to provide superior mobile data experience to all Sun subscribers and achieve cost efficiency in brand management.

Post-rebranding, the ownership of Sun Prepaid subscribers remains under DMPI. Under the terms of the agreement, Smart will settle a fixed fee representing DMPI's proportionate share on the Distributed Subscriber Revenues.

As a result of the rebranding, PLDT reassessed the useful life of the Sun Trademark arising from the acquisition of Digitel in 2011 amounting to Php4,505 million. The Sun Trademark, which was previously projected to be of continued use and was accordingly estimated to be with indefinite life, is now amortized over a period of 12 months starting August 2020.

Sale of Rocket Internet Shares

On January 30, 2020, Rocket Internet redeemed 13.5 million shares, reducing its share capital to €137 million. As a result of the redemption of shares, PLDT Online's equity ownership in Rocket Internet increased from 1.3% to 1.4%.

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

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

Sale and Leaseback

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

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

On October 5, 2020, PLDT signed the sale agreement with the buyer and received in full the consideration of Php5,500 million plus 12% VAT. The sale does not include the telecommunication assets owned or used by PLDT and Smart that are located in the Smart Headquarters. Smart, the current lessee of the property, continues to occupy the property pursuant to a new contract of lease with the buyer executed on October 5, 2020. The new contract of lease is for a period of five years and stipulates that the lessee has the option to pre-terminate without penalty after the second year subject to a 12-month notice.

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

In light of the ongoing outbreak of the COVID-19 pandemic, 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 on our employees to high risk countries and executed a partial lockdown with access to our corporate premises 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 disease as well as to prevent its further spreading, we implemented a "work from home" policy, which came into effect on March 11, 2020. A certain number of our employees are allowed to work from home until the spread of the virus is brought under control in the Philippines. To ensure minimal disruption to our operations, we have taken steps to ensure that employees working from home are properly equipped with the appropriate digital equipment, including internet connection. For the employees that continue to work on-site, we have taken steps to try and minimize their risk of exposure to the COVID-19 disease.

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

While the Government has clarified that COVID-19 testing is not mandatory or a pre-requisite to resuming operations, we have partnered with Metro Pacific Hospital Holdings, Inc. and accredited clinics to conduct rapid testing on our employees nationwide in phases to help prevent the risk of infection in the workplace. The rapid test assesses whether a person has been exposed to the virus, aiding doctors in evaluating the patient and determining whether additional testing is required. Testing commenced on May 20, 2020 and was done in batches, prioritizing field-based and store-based personnel. Given the lack of public transportation, employees with private vehicles and who test negative will be prioritized for return to work operations. For those without private vehicles or other safe and reliable means of transport, we are evaluating various options, including the possibility of shuttle services to ensure employees are safely transported to and from work. We have since updated our "return to work" policy to include hybrid work arrangements beginning April 5, 2021.

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

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

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

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

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

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

With the arrival of vaccines to combat COVID-19, we have initiated discussions with various vaccine suppliers to ensure an adequate supply of doses for our employees and their dependents. Pending their delivery, we are drafting the appropriate policies governing their allocation and mechanics for inoculation.

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 at the date of this report, we have sufficient capacity to serve the increased needs of all our subscribers. We have added international and domestic internet capacity, upgraded our local content delivery network, and reassigned our 2G frequencies to LTE and temporarily reassigned our 5G frequencies to LTE in order to augment our internet capacity. We have taken steps to enhance security for premises in which our critical network and IT systems are kept. We have also moved essential spare parts and supplies from our remote warehouses to Metro Manila to help us undertake maintenance and repairs more efficiently.

Customer Service

To provide customers with connectivity when they need it the most, we provided zero-rated access to certain Government agencies and emergency hotlines, boosted minimum speeds for our PLDT Home subscribers, increased data allocations for postpaid and prepaid customers, equipped our corporate customers with telecommuting solutions, suspended disconnections for our postpaid customers, free use of selected business corporations for corporate customers and for our OFWs, extended the duration of free calls through our Free Bee app. On May 1, 2020, we implemented a six-month installment payment program for the outstanding monthly bills of our postpaid subscribers. Under this payment program, PLDT Home, Smart consumer postpaid, and Sun consumer postpaid subscribers can settle their unpaid balances as at April 30, 2020 in six equal monthly payments with 0% interest and no penalties. This program was further extended for two months that ended on December 31, 2020. In cases where our service teams need to enter customers' homes or business premises, we have equipped them with protective gear such as face masks and gloves. Members of our service teams have also been trained in the proper health protocols for before, during, and after site visits, including maintaining proper social distances with customers at all times.

We have taken the following precautionary measures at our stores:

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

Impact of COVID-19 Outbreak on our Operations

The imposition of the ECQ in mid-March tempered revenue growth as mobility and normal activity slowed down. Recovery began in the second half of April with the momentum being sustained in May and June such that the number of mobile prepaid top-ups was higher than it was prior to the imposition of the ECQ. PLDT Home was also initially hampered by movement restrictions but has similarly returned to pre-ECQ levels aided by the strong demand for broadband services of customers being forced to work and study from home. While work-from-home arrangements for businesses and their employees boosted demand for corporate fixed broadband and fixed wireless data services, corporate revenue growth in this period was constrained by the slump in commercial activities resulting from the imposition of community quarantine.

During the ECQ, network traffic grew significantly, with traffic shifting from the commercial business districts to residential areas. This increase led to some initial congestion in our international links but which was quickly resolved to ensure continued quality experience for our subscribers. To further ensure that we could handle the increased volume of data traffic, Smart reallocated its assigned 1,800 MHz frequencies from 2G to 4G/LTE. The ECQ highlighted a distinct advantage of PLDT's fixed/wireless network architecture as the separate fixed and wireless networks were able to serve their respective networks while maintaining service quality. The disruptions caused by the ECQ initially led us to believe that we would need to postpone a number of planned network activities for 2020 and defer up to 20-25% of our 2020 capital expenditures. However, as the community quarantine restrictions eased, we were able to catch up on our activities and thus came close to achieving our initial targets. The network roll-out prioritized projects that help our customers and the public revive their businesses and social activities. We also shifted our focus to areas outside of Metro Manila where demand for data services grew dramatically.

Amidst this uncertainty, new opportunities for future growth have arisen. Life under the community quarantine has pushed the rapid adoption of online and digital services as people forced to stay at home have turned to web-based collaboration tools, distance learning, online shopping and payment and e-health services, among others. We believe our superior network and digital infrastructure has driven more data usage to both our mobile and fixed networks. PLDT Home is ramping up its installation and repair levels and rolling out fixed wireless in areas with no fixed line or fiber connections. Smart is gearing to capitalize on e-payments and further leverage its online distribution channels and our Enterprise vertical is driving opportunities in e-health, e-learning, telemedicine and other collaboration solutions while seeing renewed demand for data center services.

U.S. Dollar Global Notes

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

Investment of PLDT Online in iflix

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

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

The ADC Consortium, to which the PLDT is party, is in the process of constructing a 9,400-kilometer long high-performance submarine cable line connecting six major countries in East Asia and Southeast Asia. Construction began in February 2020 and is expected to be completed in the first half of 2023. The cable is expected to feature multiple pairs of high capacity optical fibers and is designed to carry more than 140 Tbps of traffic, enabling high capacity transmission of data across the East Asia and Southeast Asia regions.

Partnership with Orange International Carriers ("Orange")

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

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

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

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

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

On December 31, 2020, the Convertible Note issued to PCEV was converted in full into 7,891,968 Class A2 preferred shares at US$1.3685 per share. Thereafter, PCEV's ownership was diluted from 48.74% to 43.97%. The reduction in equity interest, referred to as deemed disposal, resulted in the recognition of Php394 million dilution gain, which is equivalent to the difference between the fair value of the equity interest given up and its carrying value.

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

Amendments to the Articles of Incorporation of PLDT

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

On November 24, 2020, the amendment to the Articles of Incorporation of PLDT was approved by the Philippine SEC.

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

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

Redemption of SIP Shares

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

Expiration of SubicTel's Franchise

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

Smart, Globe and Dito Joint Venture on Mobile Number Portability

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

The joint venture company, Telecommunications Connectivity, Inc., or 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. On December 23, 2019, 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.

In 2020, Smart subscribed to an additional P30 million representing its 33.33% equity interest equivalent to 30 million shares at a subscription price of Php1.00 per share payable upon next capital call of the joint venture.

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*; and (2) Petition against the Philippine Competition Commission, see *Note 11 – Investment in Associates and Joint Ventures*, 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 December 31, 2020:

Type of Accounts Receivable	Total	Current	31-60 Days	61-90 Days	Over 91 Days
		(amounts in million Php)			
Retail subscribers	17,142	7,574	1,274	506	7,788
Corporate subscribers	13,318	3,131	2,648	1,222	6,317
Foreign administrations	1,520	813	143	70	494
Domestic carriers	226	(496)	226	313	183
Dealers, agents and others	6,098	2,887	337	353	2,521
Total	38,304	13,909	4,628	2,464	17,303
Less: Allowance for expected credit losses	16,251				
Total Receivables - net	22,053				

ANNEX II – FINANCIAL SOUNDNESS INDICATORS

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

	December 31, 2020	2019
Current Ratio(1)	0.41:1.0	0.37:1.0
Acid Test Ratio(2)	0.30:1.0	0.23:1.0
Solvency Ratio(3)	0.37:1.0	0.35:1.0
Net Debt to Equity Ratio(4)	1.56:1.0	1.50:1.0
Net Debt to EBITDA Ratio(5)	2.09:1.0	2.10:1.0
Total Debt to EBITDA Ratio(6)	2.59:1.0	2.41:1.0
Asset to Equity Ratio(7)	4.99:1.0	4.69:1.0
Interest Coverage Ratio(8)	4.14:1.0	4.63:1.0
Profit Margin(9)	14%	13%
Return on Assets(10)	5%	5%
Return on Equity(11)	22%	20%
EBITDA Margin(12)	48%	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 year.
(6) Total Debt to EBITDA ratio is measured as total debt (long-term debt, including current portion) divided by EBITDA for the year.
(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 year, divided by total financing cost for the year.
(9) Profit margin is derived by dividing net income for the year with total revenues for the year.
(10) Return on assets is measured as net income for the year divided by average total assets.
(11) Return on Equity is measured as net income for the year divided by average total equity attributable to equity holders of PLDT.
(12) EBITDA margin for the year is measured as EBITDA divided by service revenues for the year.

EBITDA for the year is measured as net income for the year 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 year.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this repor for the fourth 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: ______________________________

GIL SAMSON D. GARCIA
First Vice President
(Principal Accounting Officer)

Date: March 4, 2021