



**PLDT**

**SMART**



**SUN**  
CELLULAR

**VOYAGER**

*We are Digital*

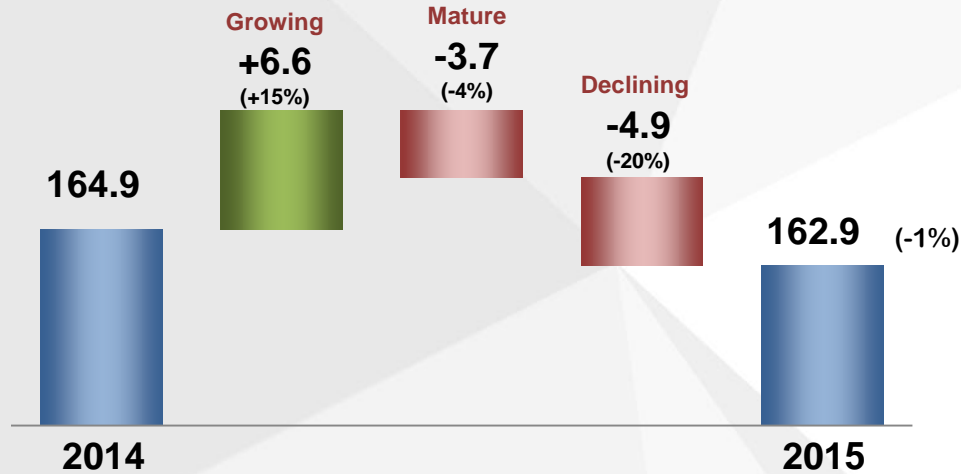
**Philippine Long Distance Telephone Company (PLDT)**  
**Full Year 2015**  
**Financial and Operating Results**

Monday, 29<sup>th</sup> February 2016

# Consolidated Service Revenues and EBITDA

## Consolidated Service Revenues

In Php bns

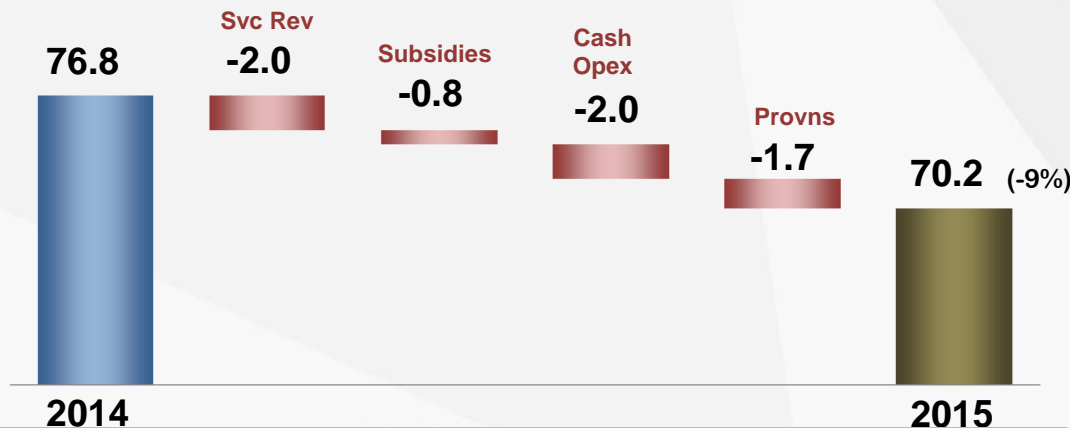


Service Revenue Mix	2015	2014
Growing	30%	26%
Mature	58%	59%
Declining	12%	15%

- Early signs of progress from efforts to address impact of competition and the structural change in revenue mix are evident in half-on-half results
  - More significant impact of on-going initiatives to manifest towards back half of 2016

## Consolidated EBITDA

In Php bns



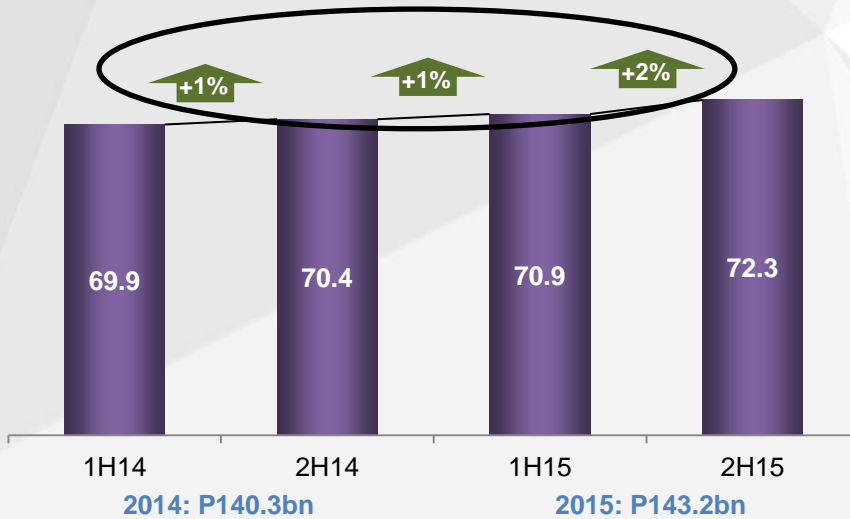
Margins:	2014: 47%	2015: 43%
----------	-----------	-----------

- Structural change in revenue mix resulting in declining EBITDA margins as high margin ILD and SMS revenues are replaced by relatively lower margin data revenues
- Rise in cash opex for 2015 by P2.0bn includes net effect of:
  - Increase in Comp and Ben expenses (incl MRP) by P2.9bn
  - Higher professional and other contracted service expenses by P0.5bn in connection with postpaid business and network build-out
- Excluding P1.8bn MRP expenses in 2015, consolidated EBITDA would have been P72.0bn, with EBITDA margin at 44% and a year-on-year decline of 7% instead of 9%

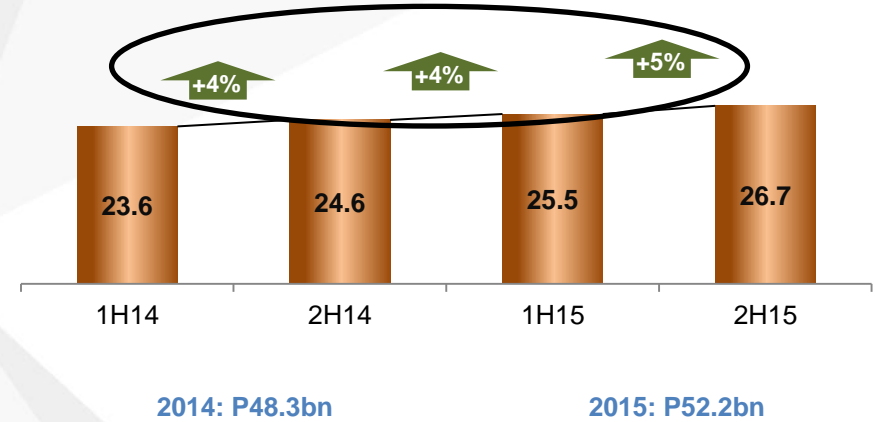
# Early Progress: Service Revenues (ex-ILD/NLD)

In Php bns

## Consolidated Service Revenues

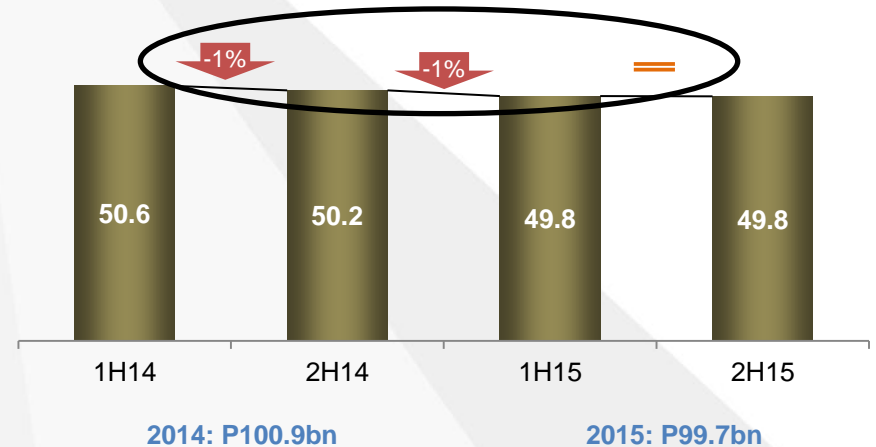


## Fixed Line\*



\* Net of interconnect

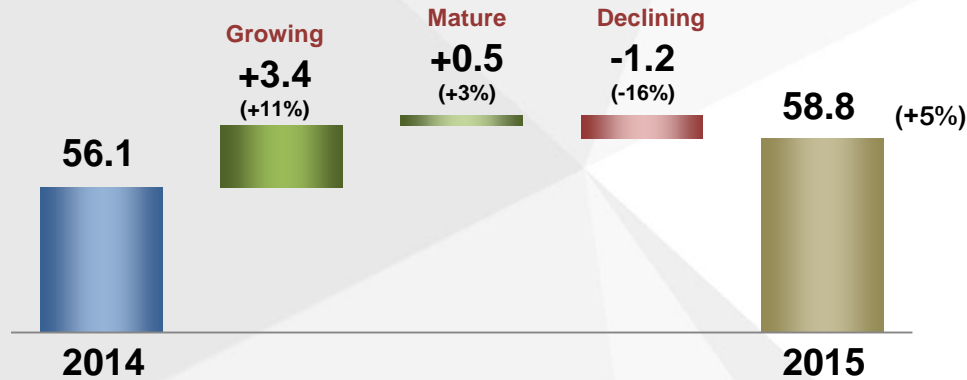
## Wireless



# Fixed line segment

## Service Revenues\*

In Php bns



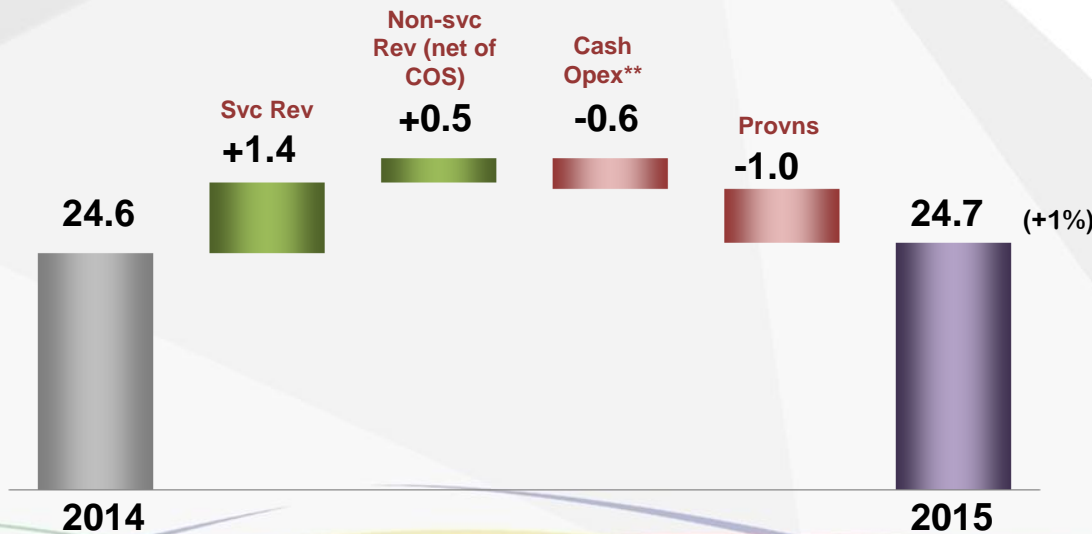
\* Net of interconnect

Service Revenue Mix	2015	2014
Growing	57%	54%
Mature	32%	32%
Declining	11%	14%

- 2.3mn fixed line subscribers at YE15
  - ✓ 1.3mn or 55% have fixed broadband subscriptions
- Revenues from Enterprise customers (corporate data and other network, and data center) contributed P17.5bn or 52% to total fixed line data revenues, and grew by 8% from 2014
- Fixed broadband revenues rose by 15% to P16.1bn following a 14% growth in subscribers, and account for 48% of total fixed line data revenues

## EBITDA

In Php bns



\*\* includes P1.5bn in MRP expenses

- Excluding MRP expenses of P1.5bn in 2015:
  - ✓ Cash opex would have been lower by P0.9bn or 2%
  - ✓ EBITDA would have been higher by 7% with EBITDA margin at 40%

Margins:

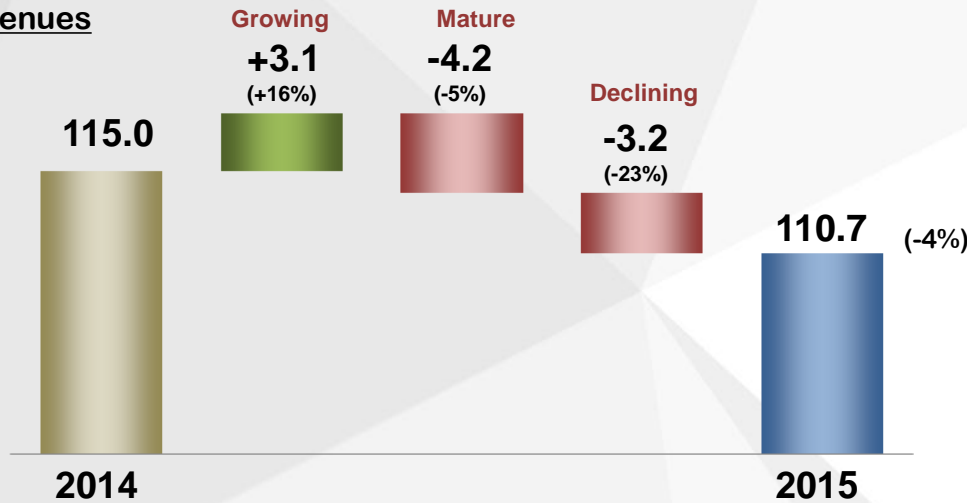
38%

38%

# Wireless segment

## Service Revenues

In Php bns

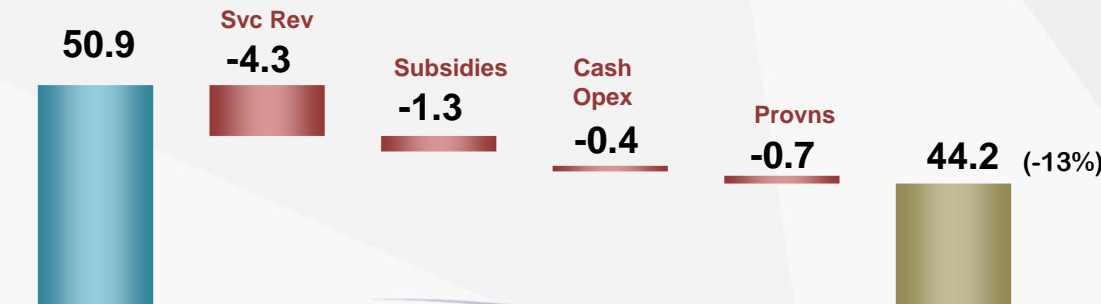


Service Revenue Mix	2015	2014
Growing	20%	17%
Mature	70%	71%
Declining	10%	12%

- **68.9mn wireless subscribers at YE15**
  - 65.0mn cellular subscribers
    - ✓ 62.0mn prepaid subscribers
    - ✓ 3.0mn postpaid subscribers
  - 3.9mn wireless broadband subscribers
- **Most recent revenue trends show encouraging signs that our focus on improving the customers' data experience are on the right track**
  - Moderating declines seen in half-on-half and quarter-on-quarter revenues, more so if legacy ILD revenues are excluded

## EBITDA

In Php bns



- **Selling and promo expenses decreased by P0.8bn partly offsetting the P1.3bn increase in subsidies, reflecting a re-allocation of marketing spend to stimulate greater data adoption and usage**

Margins:

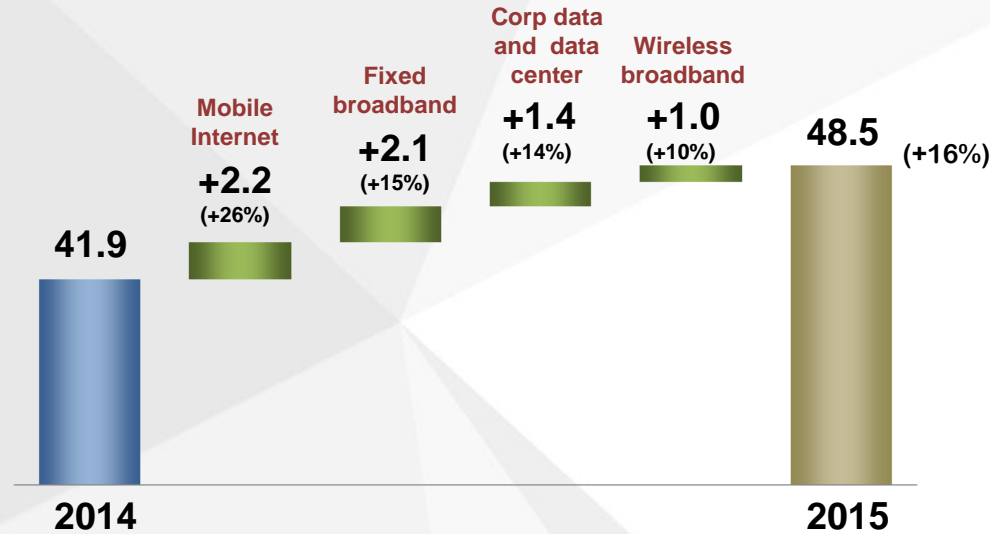
40%

44%

# Data and broadband

## Revenues

In Php bns



### Mobile Internet

- Data usage rose by 106% to 99,492 terabytes
- Smartphone penetration: about 40% of cellular subscriber base
- Focus: Enable and accelerate data adoption to drive usage
  - Prepaid SIM bundle with myPhone28 at P888
  - Free Instagram for Flexibundle plans
  - Shared plan 999, with shareable data up to 6GB
  - Free movies from iFLix for Big bytes loads

### Corporate Data and Data Centers

- Corporate data and data center revenues: 23% of total data/broadband revenues, and helping enable the growth of Philippine corporates, the BPO industry, and SMEs
  - Enterprise group helping clients transition to the digital economy
  - Data center growth momentum remains robust, with the PLDT group having the largest rack capacity in the Philippines

### Fixed Broadband

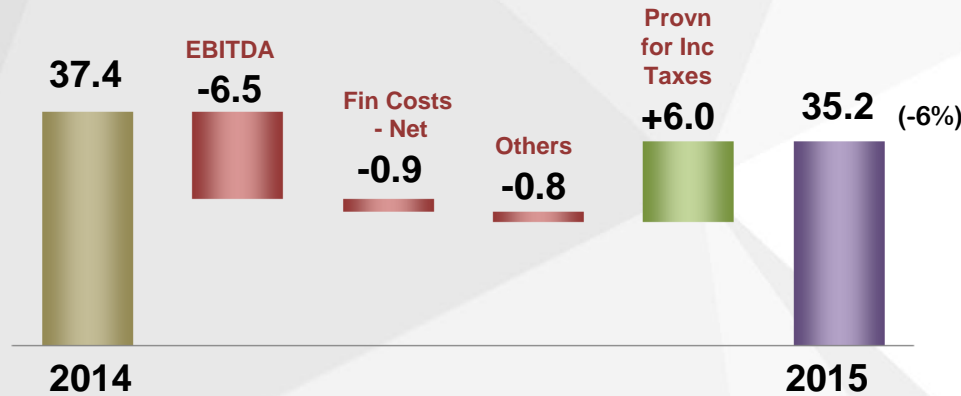
- Fixed broadband subscribers grew to about 1.3mn, with net adds of over 150,000 or 14% from YE14
- Value proposition: Connected HOME
  - Connectivity + entertainment + convenience + peace-of-mind
  - Enable via devices: Telpad, Tvolution, FamCam
  - Encourage usage: iflix (SVOD), Fox (live and catch-up TV), Cignal over Fibr, Disney/Kids Channel, PLDT/Smart data sharing plan
  - Range of speeds up to 1Gbps

### Wireless Broadband

- Wireless broadband subscriber base rose by 32% or net adds of over 940,000 to over 3.9mn in 2015

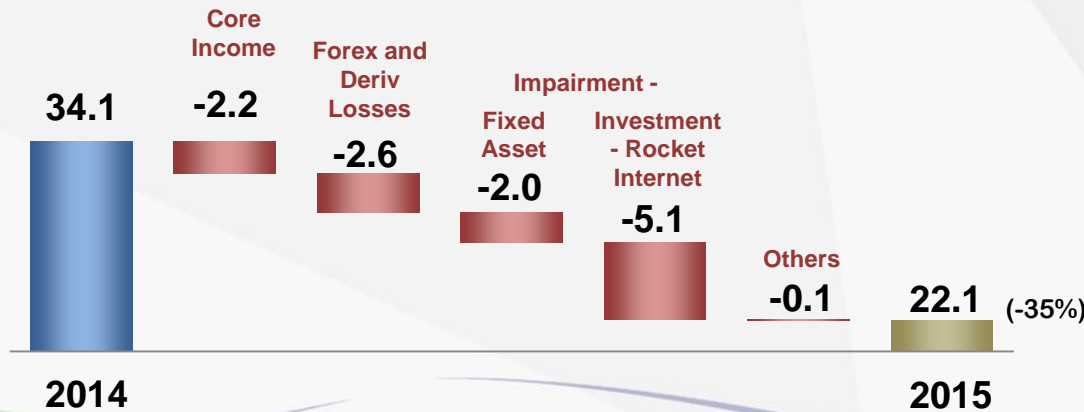
# Core and Reported net income

## Core Income



- Core income of P35.2bn for 2015 exceeded guidance of P35.0bn
- Includes gain from sale of Meralco shares of P3.2bn in 2015 and P1.7bn in 2014
- Lower provision for income taxes due to recognition of higher deferred tax assets as Smart shifts to itemized deduction method (from OSD) and DMPI is able to utilize additional deferred tax benefits

## Reported Income



- Higher forex and derivative losses due to depreciation of the peso relative to the US dollar
- Rise in asset impairment charges due to fixed assets rendered obsolete by new network plans and programs
- Impairment of investment in Rocket Internet: YE15 value of P14.6bn (share price of €28.24 @ €1=P51.18) vs acquisition cost of P19.7bn (share price of €33.03 @ €1=P58.73)

# PLDT Group: 2015 Financial Review

- **Growing contribution of data/broadband/digital service revenues in service revenue mix, now up to 30% of consolidated service revenues**
  - Our goal is to accelerate data revenues and services to more than 40% of consolidated service revenues in the next three (3) years.
  - Our areas of strength continue to be and will be fortified more, as follows:
    - ✓ Broadband rose by 13% or P3.0bn in 2015
    - ✓ Enterprise data business on the rise with higher corporate data and data center revenues (+14%)
      - We must move up the value chain in Enterprise by offering business solutions together with our robust access network
    - ✓ Higher data usage by mobile subscribers drove 24% increase in mobile internet revenues, with scope for higher usage
      - Data traffic growth is about 4x growth in data revenue giving us scope for significant monetization
    - ✓ Postpaid cellular revenues rose by 9%; postpaid subs continue to grow strongly
- **Critical challenge is in our prepaid wireless business**
- **Structural change in revenue mix and impact of competition contributed to decline in EBITDA and profits**



- **Higher capex investments required to support the changing preferences of customers**
  - Higher financing costs and higher gearing levels with multi-year capex spending program
  - Results of various tests of network quality showing sustained improvements
- **Core earnings of P35.2bn exceeded guidance of P35.0bn**
  - Gain from sale of Meralco shares and higher deferred tax benefits covered decrease in EBITDA and higher financing costs
- **Reported income impacted by higher forex losses and asset impairment charges**
  - Forex losses due to the depreciation of the peso relative to the U. S. dollar; unhedged FCY debt down to 17% of total debt from 34% in 2014
  - Rise in asset impairment charges due to Sun fixed assets rendered obsolete by new network plans and programs
  - Impairment of investment in Rocket Internet shares

Dividends per share for 2015	P122
Interim regular dividend (August 2015)	P 65
Final regular dividend (February 2016)	P 57

<b>Declaration Date</b>	<b>29 February 2016</b>
<b>Record Date</b>	<b>14 March 2016</b>
<b>Payment Date</b>	<b>1 April 2016</b>

- **In line with PLDT's dividend policy, P122 or 75% of 2015 core earnings were declared as regular dividends**
  - At PLDT's 2015 closing share price of P2,060, dividend yield is 5.9%
  
- **No special dividends are to be paid for 2015 earnings in consideration of:**
  - Elevated capex levels in 2015 and 2016 at P43bn per annum as part of the build-out of a robust, superior network to support the continued growth in data traffic
  - Plans to invest in new adjacent businesses (albeit moderating) that will complement the current business and provide future sources of profits and dividends
  - Management of cash and gearing levels
    - ✓ Intent not to exceed net debt to EBITDA of 2.0x (YE15: 1.6x)
  
- **From 2005, when PLDT resumed payment of dividends and including P26.4bn of dividends for 2015 earnings, total dividends paid to common shareholders of P370.0bn over eleven (11) years – P33.6bn return per year**

# PLDT Group: Our roadmap

- **Data remains the main growth engine for PLDT**
- **Customer experience is the main focus of our Consumer and Enterprise businesses: key enablers are:**
  - **Network dominance and reliability;**
    - ✓ Capex of P43bn in 2016, similar to 2015
      - 3G, FTTH, and LTE roll-out for capacity and coverage
      - Completion of the integration of Smart and Sun networks in remaining areas (Metro Manila and Cebu)
      - Spectrum re-farming to optimize use of frequencies
      - Greater resiliency and capacity expansion of DFON
  - **Ability to enhance ease of use by our subscribers; and**
  - **Content, applications and solutions**
- **Consumer Group to be preferred digital services provider: establish data leadership: improve usage but raise monetization more**
  - Value proposition: relevance to customers  
**“connectivity + entertainment + convenience/urban comfort + peace-of-mind”**
  - Leverage ability to offer fixed and wireless converged offers
- **Enterprise Group to assert market leadership**
  - Accelerate adoption of data and digital services across all enterprise market segments
  - Enhance our access/connectivity offerings
  - Move towards business solutions

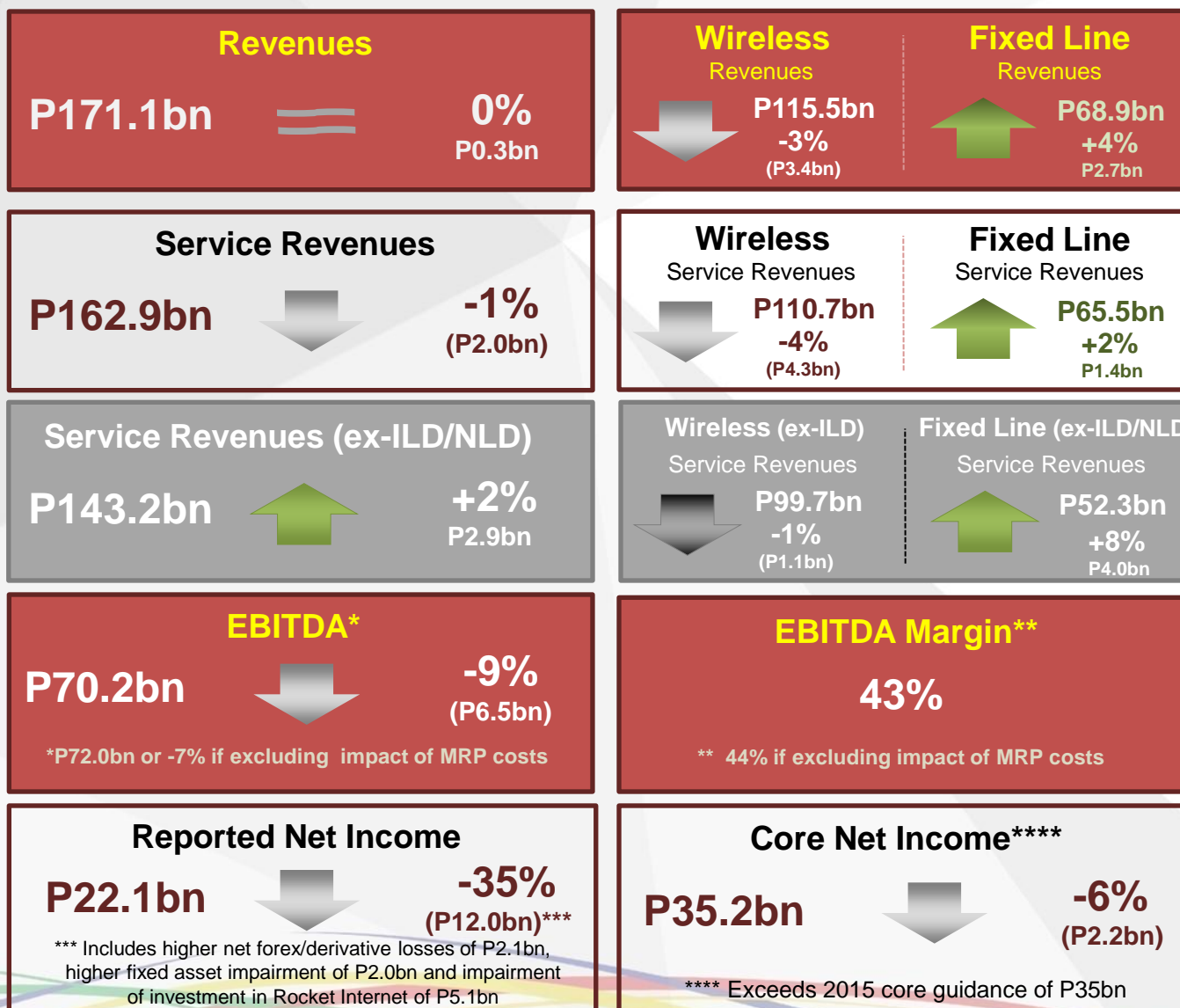
# PLDT Group: On-track and making progress

- **Impact of these various initiatives would manifest in 2016, at the earliest: we are on-track and making early progress**
  - Encouraging signs from sequential revenue trends in our wireless and fixed line businesses
  - Results of various tests of network quality already showing sustained improvements
- **Fortify wins in DSL, wireless broadband, cellular postpaid and enterprise market**
- **Address issues of our cellular prepaid business**
- **Pursue innovation inroads made by Voyager in the digital platforms and mobile financial services space, where we are the digital leader in this effort**

- **The whole organization – structure and people – has been oriented to turn on a digital pivot, towards the direction of a digital journey**
  - This will take time to bear fruition – perhaps three (3) years of critical adjustments
  - Consequently our revenue mix and EBITDA margins will change – more data revenues, lower margins on data services
  - As well, profitability levels for PLDT will need to be reset to a “new baseline” starting in 2016
    - ✓ Structural change in the industry due to the growth of data
    - ✓ PLDT’s efforts to maintain a fair share of market will hurt in the short-term
    - ✓ We expect competition to continue to be intense; our working assumptions anticipate the entry of a third player
    - ✓ Elevated capex at P43bn: higher depreciation and financing cost, no special dividends
  
- **Decline of P7.0bn in core income to P28bn resulting from:**
  - Low-single digit revenue growth due to the transition to data and the resulting replacement of ILD/NLD, cellular voice and SMS revenues by data/broadband
  - Decline in EBITDA margins due to the structural change in revenue mix and operating an ever-expanding data network
  - EBITDA stable year-on-year in peso terms
  - Higher depreciation and financing costs (about P2.0bn) resulting from elevated capex
  
- **This will be a 3-year digital journey**
  - We anticipate the initiatives we are putting in place will progressively deliver better results over the next three years, and allow profitability to improve from the new baseline established in 2016

# Details

# PLDT Group: FY15 vs FY14 Financial Highlights



# PLDT Group: Service Revenues and EBITDA

## Consolidated Service Revenues

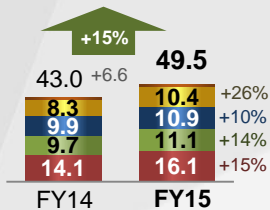
P162.9bn

-1%  
(P2.0bn)

Excluding ILN/DLD revenues, up by 2% or P2.9bn at P143.2bn

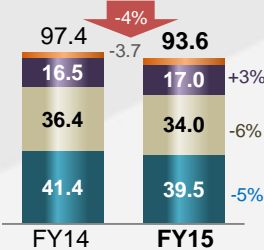
### Growing

- Voyager
- Mobile Internet
- Wireless Broadband
- Corp Data and Data Center
- Fixed Broadband



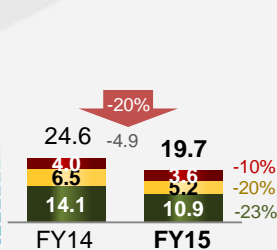
### Mature

- Others
- Fixed Line Voice - Domestic
- Cellular Voice - Domestic
- SMS and VAS



### Declining

- NLD
- Fixed-International
- Cellular-International



### % to total service revenues:

Category	FY14	FY15
Growing	26%	30%
Mature	59%	58%
Declining	15%	12%

- Consolidated data/broadband revenue growth of P6.6bn fully offset by declines in ILN/DLD revenues of P4.9bn and in the combined decrease in SMS, VAS and cellular domestic voice revenues of P4.2bn
- Innovations unit, Voyager, generated P1.0bn of revenues in 2015, mainly from Smart Money and fintech
- Early signs of progress from efforts to address impact of competition and the structural change in revenue mix are evident in half-on-half results
  - More significant impact of on-going initiatives to manifest towards back half of 2016

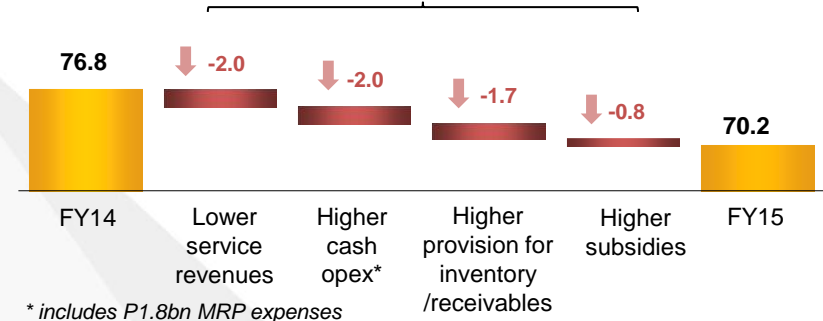
## EBITDA and EBITDA Margin

P70.2bn

-9%  
(P6.5bn)

EBITDA Margin: 43%

P6.5bn decline in EBITDA was due to changes in:



- Consolidated EBITDA margin for 2015 at 43% compared with 47% in 2014
- Rise in cash opex for 2015 by P2.0bn includes net effect of:
  - Increase in comp and ben expenses (including MRP) by P2.9bn
  - Higher professional and other contracted service expenses by P0.5bn in connection with postpaid business and network build-out
- Excluding P1.8bn MRP expenses in 2015, consolidated EBITDA would have been lower by 7% or P5.0bn from 2014 at P72.0bn, with EBITDA margin at 44%



# PLDT Group: Core and Reported Net Income

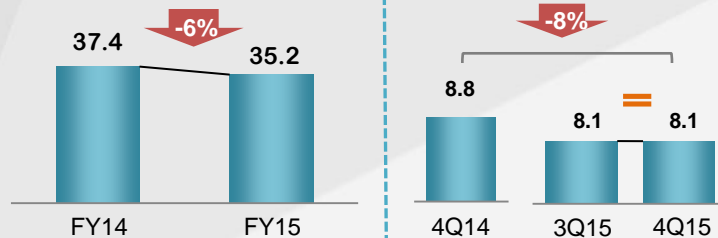
## Core Net Income

P35.2bn

-6%  
(P2.2bn)

Exceeds 2015 Core Income Guidance of P35.0bn

(Php in billions)



- **Core income of P35.2bn for 2015 was lower by P2.2bn or 6% year-on-year on account of:**
    - Decline in EBITDA by P6.5bn
    - Higher financing costs by P0.9bn due to increase in debt levels to finance capex requirements
    - Lower share in equity net earnings by P0.5bn mainly due to sale of SPi – Healthcare booked in 4Q14
- offset by
- Lower provision for income tax by P6.0bn due to recognition of higher deferred tax assets

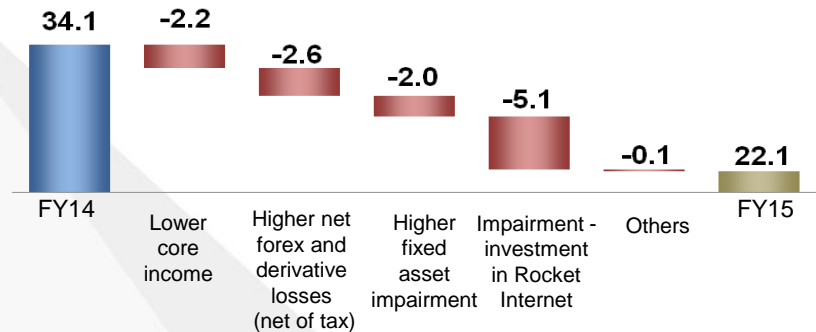
## Reported Net Income

P22.1bn

-35%  
(P12.0bn)

Due to higher forex and derivative losses, higher fixed asset impairment, and impairment of investment in Rocket Internet

(Php in billions)



- **Reported net income for 2015 of P22.1bn declined by P12.0bn or 35% year-on-year due to:**
  - Lower core income by P2.2bn
  - Higher net foreign and derivatives losses (net of tax) by P2.6bn due to the depreciation of the peso vis-à-vis the US dollar
  - Rise in fixed asset impairment by P2.0bn due to fixed assets rendered obsolete by new network plans and programs
  - Impairment of investment in Rocket Internet of P5.1bn with the decline in the value of the investment at YE15 of P14.6bn vis-à-vis acquisition cost of P19.7bn

# Capital Management

## Core Earnings Per Share

**P162.70**

Core Income for 2015 of P35.2bn

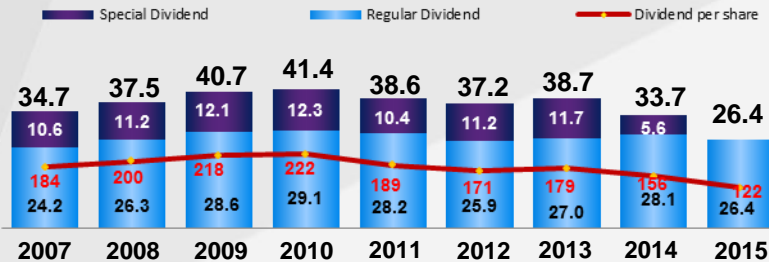
## Total Dividends Per Share

**P122**

75% of 2015 Core EPS

### Dividend Payments

(billion pesos, except per share amount)



#### Dividend Pay-out ratio:

100% 100% 100% 100% 100% 100% 100% 90% 75%

- In line with PLDT's dividend policy, 75% of 2015 core earnings were declared as regular dividends
- No special dividends are to be paid for 2015 earnings in consideration of:
  - Elevated capex levels in 2015 and 2016 of P43bn per annum as part of the build-out of a robust, superior network to support the continued growth in data traffic
  - Plans to invest in new adjacent businesses that will complement the current business and provide future sources of profits and dividends

Dividends per share for 2015	P122
Interim regular dividend (August 2015)	P 65
Final regular dividend (February 2016)	P 57

Declaration Date	29 February 2016
Record Date	14 March 2016
Payment Date	1 April 2016

- PLDT's dividend policy: regular dividends of 75% of core EPS + "look back" to determine possibility of a special dividend after year end
- At PLDT's 2015 closing share price of P2,060, dividend yield is 5.9%
- From 2005, when PLDT resumed payment of dividends and including P26.4bn of dividends for 2015 earnings, total dividends paid to common shareholders of P370.0bn

# PLDT Group: Fixed line segment

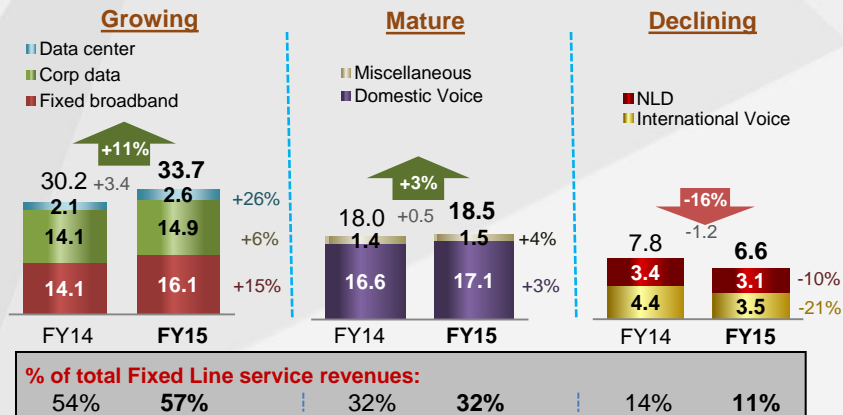
## Service Revenues

**P58.8bn\***

**+5%**  
P2.7bn

\* net of interconnection costs

Excluding ILN/NLD revenues, up by P4.0bn or 8% at P52.2bn



- With data/broadband accounting for 57% of total fixed line service revenues in 2015, its 11% year-on-year revenue growth of P3.4bn fully absorbed the P1.2bn decline in ILN/NLD revenues
  - Revenues from enterprise customers contributed P17.5bn or 52% to total fixed line data revenues, and rose by P1.4bn from 2014
    - ✓ Corporate data and other network services, or 44% of total fixed line data revenues, grew by 6% or P0.8bn to P14.9bn
    - ✓ Data center revenues, or 8% of total fixed line data revenues, were up by 26% or P0.5bn to P2.6bn
  - Fixed broadband revenues rose by 15% or P2.1bn to P16.1bn following a 14% growth in subscribers, and account for 48% of total fixed line data revenues
    - ✓ ARPU of P1,139 in 2015 higher compared with P1,124 in 2014

## Subscribers

**2.3mn**

**+4%**  
0.1mn

1.3mn or 55% of fixed line subscribers have broadband subscriptions



- Domestic voice revenues, contributing 29% to total fixed line service revenues, increased by 3% or P0.5bn to P17.1bn due to a 4% expansion in subscribers
- Legacy ILN/NLD revenues, or 11% to total fixed line service revenues, dipped by P1.2bn or 16% to P6.6bn and remained under pressure from the availability of alternative over-the-top (OTT) options such as VOIP
- Non-service revenues from the sale of Telpad, TVolution, FamCam, and Cignal over Fibr, grew by 64% or P1.3bn to P3.4bn, vis-à-vis cost of sales of P2.8bn
- EBITDA of P24.7bn in 2015 was higher by P0.2bn or 1% than 2014 as the P2.7bn growth in revenues fully offset the P0.6bn rise in cash opex, P0.9bn increase in cost of sales and P1.0bn rise in provisions; EBITDA margin remained stable at 38%
  - Excluding MRP expenses of P1.5bn in 2015:
    - ✓ Cash opex would have been lower by P0.9bn or 2%
    - ✓ EBITDA would have been higher by 7% with EBITDA margin at 40%

# PLDT Group: Wireless segment

## Service Revenues

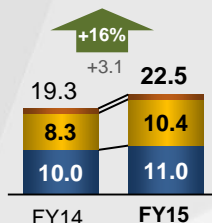
P110.7bn

-4%  
(P4.3bn)

Excluding ILD revenues, lower by 1% or P1.1bn at P99.7bn

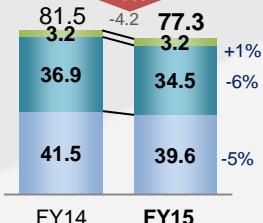
### Growing

- Voyager
- Mobile Internet
- Wireless Broadband



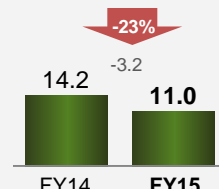
### Mature

- Others
- Cellular Voice - Domestic
- SMS and VAS



### Declining

- Cellular Voice - International



% to total wireless service revenues:	
FY14	FY15
17%	20%
71%	70%
12%	10%

- **Data/broadband remained the engine of growth in the wireless segment**
  - Mobile internet revenues increased by 26% or P2.2bn to P10.4bn, following 106% growth in mobile data usage
  - Wireless broadband revenues grew by 10% or P1.0bn to P11.0bn, underpinned by a 32% expansion in subscribers
- **Most recent revenue trends show encouraging signs that our focus on improving the customers' data experience are on the right track**
  - Moderating declines seen in half-on-half and quarter-on-quarter revenues, more so if legacy ILD revenues are excluded

## Subscribers

68.9mn

-5%  
(4.0mn)

Broadband subscribers grew by 32% to over 3.9mn

## Cellular Revenues and Subscribers

	Revenues	% Y-o-Y	Subscribers	% Y-o-Y
Postpaid	P23.7bn	+9%	3.0mn	+7%
Prepaid	P71.8bn	-9%	62.0mn	-8%

## Wireless Broadband Revenues and Subscribers

Wireless broadband	P11.0bn	+10%	3.9mn	+32%
--------------------	---------	------	-------	------

- **Postpaid revenues grew by 9% or P2.0bn to P23.7bn, accounting for 24% of total cellular service revenues from 21% in FY14**
  - Postpaid subscriber base rose by 7% or over 192,000 to 3.0mn
  - Growth in postpaid revenues of P2.0bn fully offset the increase in subsidies of P1.3bn
- **Prepaid revenues dipped by 9% or P7.3bn to P71.8bn**
  - Half-on Half decline in 2H15 of P1.7bn was lower than the half-on-half declines of P1.8bn 1H15 and P2.0bn 2H14
- **EBITDA of P44.2bn in 2015 was lower by P6.7bn or 13% due to the decline in service revenues, and increases in subsidies, provisions and cash opex of P1.3bn, P0.7bn and P0.4bn, respectively; EBITDA margin declined to 40%**
  - Selling and promo expenses decreased by P0.8bn partly offsetting the P1.3bn increase in subsidies reflecting a re-allocation of marketing spend to stimulate greater data adoption and usage

# PLDT Group: Data and broadband

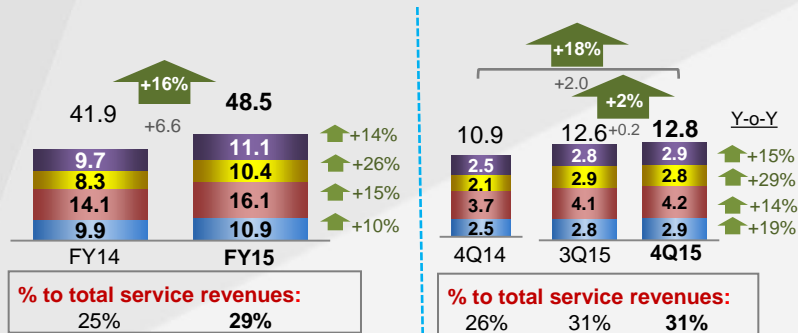
## Revenues

P48.5bn

+16%  
P6.6bn

29% of consolidated service revenues

■ Corp. Data ■ Mobile Internet ■ Fixed Broadband ■ Wireless Broadband



## Subscribers

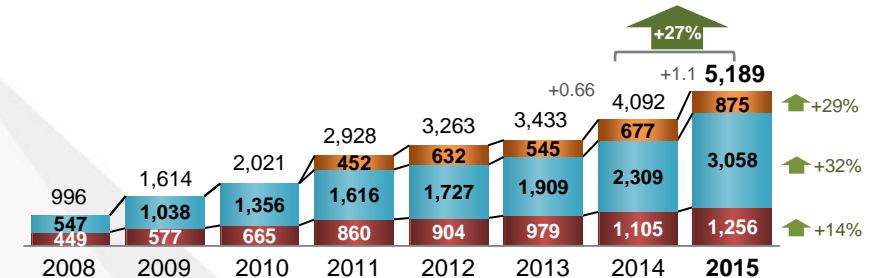
5.2mn

+27%  
1.1mn

Net adds of 1.1mn in 2015 higher than 2014 net adds by 67%

(in thousands)

■ Fixed Broadband ■ Smart Broadband ■ Sun Broadband



## Mobile Internet

- **Mobile internet revenues: 22% of total data/broadband revenues**
  - Year-on-year increase of 26% or P2.2bn to P10.4bn in FY15
  - Rise in data usage by 106% to 99,492 terabytes
- **Smartphone penetration:** about 40% of cellular subscriber base
- **Focus: Enable and accelerate data adoption to drive usage**
  - Prepaid SIM bundle with myPhone28 at P888
  - Free Instagram for Flexibundle plans
  - Shared plan 999, with shareable data up to 6GB
  - Free movies from iFLix for Big bytes loads

## Corporate Data and Data Centers

- **Corporate data and data center revenues: 23% of total data/broadband revenues, and helping enable the growth of Philippine corporates, the BPO industry, and SMEs**
  - Enterprise group helping clients transition to the digital economy
  - Data center growth momentum remains robust, with the PLDT group having the largest rack capacity in the Philippines

## Fixed Broadband

- **Fixed broadband revenues: 33% of total data/broadband revenues**
  - Grew year-on-year by P2.1bn or 15% to P16.1bn
- **Fixed broadband subscribers grew to about 1.3mn, with net adds of over 150,000 or 14% from YE14**
- **Value proposition: Connected HOME**
  - Connectivity + entertainment + convenience + peace-of-mind
  - Enable via devices: Telpad, Tvolution, FamCam
  - Encourage usage: iflix (SVOD), Fox (live and catch-up TV), Signal over Fibr, Disney/Kids Channel, PLDT/Smart data sharing plan
  - Range of speeds up to 1Gbps

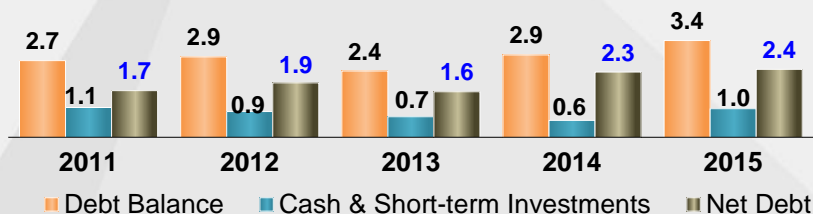
## Wireless Broadband

- **Wireless broadband revenues: 22% of total data/broadband revenues**
  - Higher by 10% or P1.0bn at P10.9bn for 2015
  - Ultra (TD-LTE) fixed wireless services to complement fixed broadband reach
- **Wireless broadband subscriber base rose by 32% or net adds of over 940,000 to over 3.9mn in 2015**

# PLDT Group: Debt Profile

## Debt Balance

(US\$ in billions)



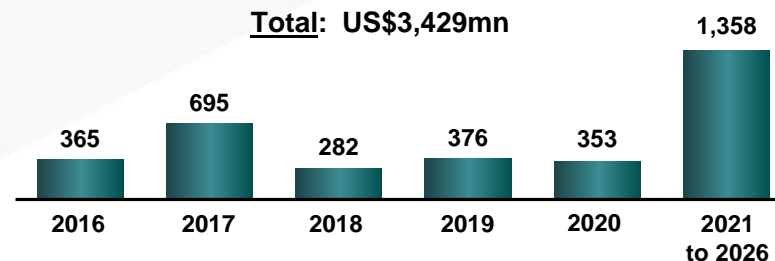
## Net Debt/EBITDA

0.9x      1.05x      0.9x      1.35x      1.62x

- At end December 2015, net debt and net debt to EBITDA were higher at US\$2.4bn and 1.62x from end 2014, respectively
  - Incremental debt to finance capex
- Gross debt as of end 2015 stood at US\$3.4bn, higher by US\$0.5bn from YE14
  - 42% of gross debt is US\$ denominated
  - Taking into account our US\$ cash holdings and hedges, only US\$589mn or 17% of total debt is unhedged
    - ✓ Natural hedge from dollar-linked revenues (17% of FY15 revenues or approx. US\$620mn)
    - ✓ With anticipated continuing declines in dollar-linked revenues, maturing dollar loans to be refinanced in pesos
  - 62% are fixed-rate loans, while 38% are floating-rate loans; post-interest rate swaps: 87% fixed, 13% floating
  - Average interest cost (pre-tax) of 4.2% for FY15 (FY14: 4.05%)

## Debt Maturities

(US\$ in millions, as of December 31, 2015)



## Debt maturities to total debt

11%      20%      8%      11%      10%      40%

- Debt maturities continue to be well spread out
  - US\$228mn bonds maturing in 2017
  - Over 60% of total debt to mature beyond 2018
- In 2015, PLDT's investment grade ratings were affirmed by the three major international ratings agencies

Ratings Agencies	Long-Term Foreign Issuer Rating	Long-term Local Issuer Rating	Outlook
Fitch	BBB	BBB+ *	stable
Moody's	Baa2	Baa2	stable
Standard and Poor's / S&P National	BBB+	axA+	stable

\* From 'A-' on 1 October 2015

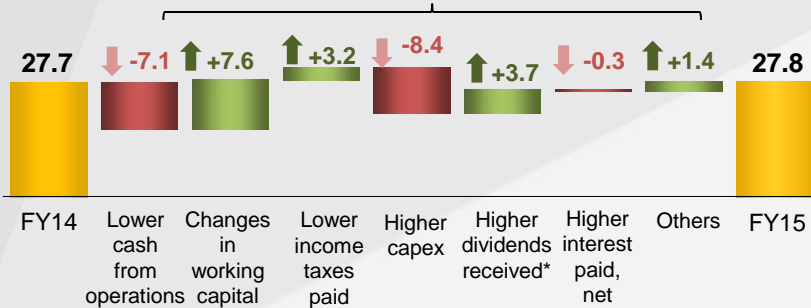
# PLDT Group: Free Cash Flow and Capex

## Free Cash Flow

P27.8bn

0%  
P0.1bn

Stable FCF due to the combined effect of:



\* P5.1bn received in 1Q15 from Beacon in connection with the sale of 5% Meralco stake in June 2014

- **FCF of P27.8bn and net debt proceeds of P27.3bn were used for:**
  - Cash dividend payments of P32.5bn, consisting of final regular and special cash dividends in April 2015, and interim cash dividends in September 2015

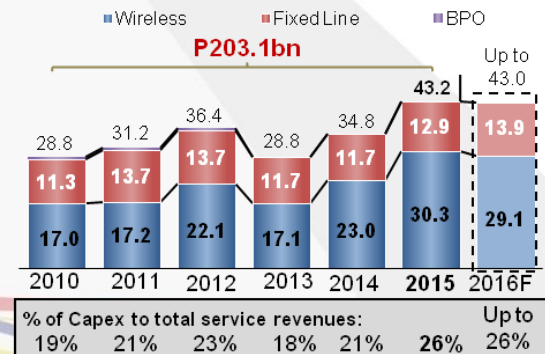
## Capex

P43.2bn

+24%  
P8.4bn

Capex from 2006-15 (10 years): Approx P302bn or (US\$6.7bn)

- Focus on improving network quality and customer experience, provisioning of transport ahead of demand, network consolidation for efficiencies, and continuous expansion of 3G, 4G/LTE coverage and capacity
- Multi-year network build out includes, among others:
  - Continual network optimization
  - Additional FOC to augment network resiliency and redundancy to improve operational stability and reliability
  - Expansion in international connectivity and caching to improve internet speeds and customer experience
  - Enhancement of indoor penetration and outdoor coverage
  - Target cost and operational efficiencies with the full integration of Smart and Sun networks, spectrum re-farming
  - Migration to new data centers at Tier 3 to improve service availability to 99.99%
- Although work is on-going, consistent improvements in network quality already recorded in various third party surveys



# PLDT Group: Appendix



# Subscriber Data: Cellular

## Cellular Subscribers by category:

	Dec-15	Sept-15	Jun-15	Mar-15	Dec-14	FY15 vs FY14		Net Adds							
						Net Adds	%	1Q15	%	2Q15	%	3Q15	%	4Q15	%
<b>CELLULAR</b>															
<b>Prepaid</b>	<b>61,980,425</b>	<b>64,082,775</b>	<b>65,843,593</b>	<b>66,721,243</b>	<b>67,091,612</b>	<b>(5,111,187)</b>	<b>-8%</b>	<b>(370,369)</b>	<b>-1%</b>	<b>(877,650)</b>	<b>-1%</b>	<b>(1,760,818)</b>	<b>-3%</b>	<b>(2,102,350)</b>	<b>-3%</b>
Smart Prepaid	22,892,303	23,390,886	24,188,189	24,819,813	24,877,144	(1,984,841)	-8%	(57,331)	-	(631,624)	-3%	(797,303)	-3%	(498,583)	-2%
Sun Prepaid	11,033,962	12,983,058	13,753,240	13,846,206	14,065,108	(3,031,146)	-22%	(218,902)	-2%	(92,966)	-1%	(770,182)	-6%	(1,949,096)	-15%
TNT	28,054,160	27,708,831	27,902,164	28,055,224	28,149,360	(95,200)	-	(94,136)	-	(153,060)	-1%	(193,333)	-1%	345,329	1%
<b>Postpaid</b>	<b>2,957,649</b>	<b>2,920,068</b>	<b>3,018,671</b>	<b>2,900,904</b>	<b>2,765,448</b>	<b>192,201</b>	<b>7%</b>	<b>135,456</b>	<b>5%</b>	<b>117,767</b>	<b>4%</b>	<b>(98,603)</b>	<b>-3%</b>	<b>37,581</b>	<b>1%</b>
Smart Postpaid	1,229,726	1,183,996	1,139,536	1,088,806	1,040,221	189,505	18%	48,585	5%	50,730	5%	44,460	4%	45,730	4%
Sun Postpaid	1,727,923	1,736,072	1,879,135	1,812,098	1,725,227	2,696	-	86,871	5%	67,037	4%	(143,063)	-8%	(8,149)	-
<b>Total Cellular Subscribers</b>	<b>64,938,074</b>	<b>67,002,843</b>	<b>68,862,264</b>	<b>69,622,147</b>	<b>69,857,060</b>	<b>(4,918,986)</b>	<b>-7%</b>	<b>(234,913)</b>	<b>-</b>	<b>(759,883)</b>	<b>-1%</b>	<b>(1,859,421)</b>	<b>-3%</b>	<b>(2,064,769)</b>	<b>-3%</b>

## Cellular Subscribers by brand:

	Dec-15	Sept-15	Jun-15	Mar-15	Dec-14	FY15 vs FY14		Net Adds							
						Net Adds	%	1Q15	%	2Q15	%	3Q15	%	4Q15	%
<b>CELLULAR</b>															
<b>Smart</b>	<b>24,122,029</b>	<b>24,574,882</b>	<b>25,327,725</b>	<b>25,908,619</b>	<b>25,917,365</b>	<b>(1,795,336)</b>	<b>-7%</b>	<b>(8,746)</b>	<b>-</b>	<b>(580,894)</b>	<b>-2%</b>	<b>(752,843)</b>	<b>-3%</b>	<b>(452,853)</b>	<b>-2%</b>
Smart Prepaid	22,892,303	23,390,886	24,188,189	24,819,813	24,877,144	(1,984,841)	-8%	(57,331)	-	(631,624)	-3%	(797,303)	-3%	(498,583)	-2%
Smart Postpaid	1,229,726	1,183,996	1,139,536	1,088,806	1,040,221	189,505	18%	48,585	5%	50,730	5%	44,460	4%	45,730	4%
<b>TNT</b>	<b>28,054,160</b>	<b>27,708,831</b>	<b>27,902,164</b>	<b>28,055,224</b>	<b>28,149,360</b>	<b>(95,200)</b>	<b>-</b>	<b>(94,136)</b>	<b>-</b>	<b>(153,060)</b>	<b>-1%</b>	<b>(193,333)</b>	<b>-1%</b>	<b>345,329</b>	<b>1%</b>
<b>Sun Cellular</b>	<b>12,761,885</b>	<b>14,719,130</b>	<b>15,632,375</b>	<b>15,658,304</b>	<b>15,790,335</b>	<b>(3,028,450)</b>	<b>-19%</b>	<b>(132,031)</b>	<b>-1%</b>	<b>(25,929)</b>	<b>-</b>	<b>(913,245)</b>	<b>-6%</b>	<b>(1,957,245)</b>	<b>-13%</b>
Sun Prepaid	11,033,962	12,983,058	13,753,240	13,846,206	14,065,108	(3,031,146)	-22%	(218,902)	-2%	(92,966)	-1%	(770,182)	-6%	(1,949,096)	-15%
Sun Postpaid	1,727,923	1,736,072	1,879,135	1,812,098	1,725,227	2,696	-	86,871	5%	67,037	4%	(143,063)	-8%	(8,149)	-
<b>Total Cellular Subscribers</b>	<b>64,938,074</b>	<b>67,002,843</b>	<b>68,862,264</b>	<b>69,622,147</b>	<b>69,857,060</b>	<b>(4,918,986)</b>	<b>-7%</b>	<b>(234,913)</b>	<b>-</b>	<b>(759,883)</b>	<b>-1%</b>	<b>(1,859,421)</b>	<b>-3%</b>	<b>(2,064,769)</b>	<b>-3%</b>

# Subscriber Data: Broadband

	Dec-15	Sept-15	Jun-15	Mar-15	Dec-14	FY15 vs FY14		Net Adds							
						Net Adds	%	1Q15	%	2Q15	%	3Q15	%	4Q15	%
<b>BROADBAND</b>															
<b>Wireless Broadband</b>	<b>3,932,820</b>	<b>3,789,654</b>	<b>3,676,164</b>	<b>3,391,440</b>	<b>2,986,146</b>	<b>946,674</b>	<b>32%</b>	<b>405,294</b>	<b>14%</b>	<b>284,724</b>	<b>8%</b>	<b>113,490</b>	<b>3%</b>	<b>143,166</b>	<b>4%</b>
Smart Broadband	3,057,958	2,896,187	2,829,074	2,613,672	2,309,366	748,592	32%	304,306	13%	215,402	8%	67,113	2%	161,771	6%
Prepaid	2,526,230	2,380,817	2,321,847	2,110,120	1,795,039	731,191	41%	315,081	18%	211,727	10%	58,970	3%	145,413	6%
Postpaid	531,728	515,370	507,227	503,552	514,327	17,401	3%	(10,775)	-2%	3,675	1%	8,143	2%	16,358	3%
Sun Broadband	874,862	893,467	847,090	777,768	676,780	198,082	29%	100,988	15%	69,322	9%	46,377	5%	(18,605)	-2%
Prepaid	557,205	561,045	489,168	424,648	347,527	209,678	60%	77,121	22%	64,520	15%	71,877	15%	(3,840)	-1%
Postpaid	317,657	332,422	357,922	353,120	329,253	(11,596)	-4%	23,867	7%	4,802	1%	(25,500)	-7%	(14,765)	-4%
<b>Fixed Line Broadband</b>	<b>1,255,864</b>	<b>1,224,735</b>	<b>1,185,319</b>	<b>1,138,598</b>	<b>1,105,368</b>	<b>150,496</b>	<b>14%</b>	<b>33,230</b>	<b>3%</b>	<b>46,721</b>	<b>4%</b>	<b>39,416</b>	<b>3%</b>	<b>31,129</b>	<b>3%</b>
<b>Total Broadband Subscribers</b>	<b>5,188,684</b>	<b>5,014,389</b>	<b>4,861,483</b>	<b>4,530,038</b>	<b>4,091,514</b>	<b>1,097,170</b>	<b>27%</b>	<b>438,524</b>	<b>11%</b>	<b>331,445</b>	<b>7%</b>	<b>152,906</b>	<b>3%</b>	<b>174,295</b>	<b>3%</b>

# FY2015: Consolidated Financial Highlights

	FY2015				FY2014	% Change
	Wireless	Fixed Line	Others	Consolidated (audited)	Consolidated (audited)	
<i>(Php in millions)</i>						
<b>Total Revenues</b>	<b>115,513</b>	<b>68,865</b>	<b>-</b>	<b>171,103</b>	<b>170,835</b>	<b>-</b>
<b>Service Revenues</b>	<b>110,716</b>	<b>65,475</b>	<b>-</b>	<b>162,930</b>	<b>164,943</b>	<b>(1%)</b>
<b>Cash operating expenses</b>	<b>54,745</b>	<b>40,113</b>	<b>59</b>	<b>80,369</b>	<b>78,371</b>	<b>3%</b>
<b>Depreciation and amortization</b>	<b>17,218</b>	<b>14,301</b>	<b>-</b>	<b>31,519</b>	<b>31,379</b>	<b>-</b>
<b>Financing costs, net</b>	<b>(1,799)</b>	<b>(4,509)</b>	<b>(179)</b>	<b>(6,259)</b>	<b>(5,320)</b>	<b>18%</b>
<b>Income before income tax</b>	<b>18,197</b>	<b>7,849</b>	<b>592</b>	<b>26,638</b>	<b>44,148</b>	<b>(40%)</b>
<b>Provision for income tax</b>	<b>2,763</b>	<b>1,656</b>	<b>144</b>	<b>4,563</b>	<b>10,058</b>	<b>(55%)</b>
<b>EBITDA</b>	<b>44,237</b>	<b>24,749</b>	<b>(59)</b>	<b>70,218</b>	<b>76,750</b>	<b>(9%)</b>
<i><b>EBITDA Margin</b><sup>(1)</sup></i>	<i><b>40%</b></i>	<i><b>38%</b></i>	<i><b>-</b></i>	<i><b>43%</b></i>	<i><b>47%</b></i>	
<b>Net Income attributable to Equity Holders of PLDT</b>	<b>15,432</b>	<b>6,185</b>	<b>448</b>	<b>22,065</b>	<b>34,091</b>	<b>(35%)</b>
<b>Core net income</b>	<b>22,512</b>	<b>6,539</b>	<b>6,161</b>	<b>35,212</b>	<b>37,410</b>	<b>(6%)</b>

<sup>(1)</sup> EBITDA margin calculated as EBITDA divided by service revenues (gross of interconnection costs)

# Reconciliation of Core and Reported Net Income



<i>(Php in millions)</i>	FY2015			Consolidated (audited)	FY2014 Consolidated (audited)	% Change
	Wireless	Fixed Line	Others			
Net Income attributable to equity holder of PLDT	15,432	6,185	448	22,065	34,091	(35%)
Add (deduct):						
Foreign exchange losses, net	1,622	892	522	3,036	382	695%
Losses (gains) on derivative financial instruments, net	-	(762)	-	(762)	(208)	266%
Asset Impairment	5,788	42	5,124	10,954	3,844	185%
Others	-	213	(34)	179	79	127%
Tax effect	(330)	(31)	101	(260)	(778)	(67%)
<b>Core Net Income</b>	<b>22,512</b>	<b>6,539</b>	<b>6,161</b>	<b>35,212</b>	<b>37,410</b>	<b>(6%)</b>

# Consolidated Service Revenues

	2015					2014					% Change	
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	FY15 vs FY14	4Q15 vs 4Q14
<i>(Php in billions)</i>												
SMS and VAS	10.2	9.8	9.9	9.6	39.5	10.7	10.5	9.9	10.3	41.4	(5%)	(6%)
Voice - Domestic	13.9	13.8	13.5	13.4	54.6	13.9	14.3	14.1	14.5	56.9	(4%)	(8%)
Voice - International	4.3	4.1	3.9	3.9	16.2	5.5	5.2	4.8	5.2	20.6	(22%)	(26%)
Non-SMS data	11.4	12.1	13.0	13.0	49.5	10.2	10.6	10.9	11.2	43.0	15%	16%
Others	0.7	0.8	0.6	0.9	3.1	0.9	0.8	0.7	0.7	3.1	1%	34%
<b>Total</b>	<b>40.5</b>	<b>40.6</b>	<b>40.8</b>	<b>40.9</b>	<b>162.9</b>	<b>41.2</b>	<b>41.3</b>	<b>40.4</b>	<b>42.0</b>	<b>164.9</b>	<b>(1%)</b>	<b>(3%)</b>

# Expenses

<i>(Php in millions)</i>	FY2015				FY2014	% Change
	Wireless	Fixed Line	Others	Consolidated (audited)	Consolidated (audited)	
<b>Operating expenses</b>						
Compensation and employee benefits	7,725	13,899	-	21,606	18,749	15%
Repairs and maintenance	8,577	7,028	-	15,035	14,988	-
Selling and promotions	7,712	2,036	-	9,747	10,619	(8%)
Rent	10,657	2,768	-	6,376	6,692	(5%)
Insurance and security services	1,190	715	-	1,797	1,884	(5%)
Taxes and licenses	3,124	1,425	43	4,592	4,563	1%
Professional and other contracted services	5,613	4,382	15	8,234	7,748	6%
Communication, training and travel	958	549	-	1,349	1,552	(13%)
Interconnection costs	8,513	6,666	-	10,317	10,420	(1%)
Other expenses	676	645	1	1,316	1,156	14%
<b>Cash operating expenses</b>	<b>54,745</b>	<b>40,113</b>	<b>59</b>	<b>80,369</b>	<b>78,371</b>	<b>3%</b>
Depreciation and amortization	17,218	14,301	-	31,519	31,379	-
Asset impairment	8,446	1,286	5,124	14,856	6,046	146%
Amortization of intangible assets	1,076	-	-	1,076	1,149	(6%)
<b>Non-cash operating expenses</b>	<b>26,740</b>	<b>15,587</b>	<b>5,124</b>	<b>47,451</b>	<b>38,574</b>	<b>23%</b>
<b>Cost of sales</b>	<b>13,873</b>	<b>2,759</b>	<b>-</b>	<b>16,614</b>	<b>13,512</b>	<b>23%</b>
<b>Total Expenses</b>	<b>95,358</b>	<b>58,459</b>	<b>5,183</b>	<b>144,434</b>	<b>130,457</b>	<b>11%</b>

# Other Income (Expenses)

<i>(Php in millions)</i>	FY2015				FY2014	% Change
	Wireless	Fixed Line	Others	Consolidated (audited)	Consolidated (audited)	
Equity share in net earnings of associates and joint ventures	(81)	38	3,284	3,241	3,841	(16%)
Interest income	308	620	99	799	752	6%
Gains (losses) on derivative financial instruments, net	-	420	-	420	(101)	(516%)
Foreign exchange gains (losses), net	(1,622)	(892)	(522)	(3,036)	(382)	695%
Others	1,236	1,766	3,093	4,804	4,980	(4%)
<b>Total</b>	<b>(159)</b>	<b>1,952</b>	<b>5,954</b>	<b>6,228</b>	<b>9,090</b>	<b>(31%)</b>
Financing costs, net						
Loans and other related items	(1,909)	(4,429)	(179)	(6,289)	(5,429)	16%
Accretion on financial liabilities	(149)	(82)	-	(231)	(165)	40%
Financing charges	(46)	(63)	-	(109)	(168)	(35%)
Capitalized interest	305	65	-	370	442	(16%)
<b>Total</b>	<b>(1,799)</b>	<b>(4,509)</b>	<b>(179)</b>	<b>(6,259)</b>	<b>(5,320)</b>	<b>18%</b>
<b>Total other income (expenses)</b>	<b>(1,958)</b>	<b>(2,557)</b>	<b>5,775</b>	<b>(31)</b>	<b>3,770</b>	<b>(101%)</b>

# Cellular and Broadband Net ARPU



## Cellular Net ARPU

	2015				2014			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Smart Postpaid	1,039	1,065	1,021	1,014	1,086	1,074	1,068	1,084
Smart Prepaid	118	114	115	113	132	134	124	125
Talk 'N Text	85	83	82	83	87	89	87	89
Sun Cellular Prepaid	63	64	65	71	67	66	64	65
Sun Cellular Postpaid	449	419	436	475	476	467	469	497

## Cellular Prepaid and Postpaid blended Net ARPU

	2015				2014			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Prepaid and Postpaid Blended, Net <sup>(1)</sup>	119	118	118	118	124	127	122	124

<sup>(1)</sup> The average monthly ARPU of all prepaid and postpaid cellular subscribers; excluding DMPI

## Broadband Net ARPU

	2015				2014			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Smart Broadband blended	274	262	267	257	338	332	325	299
Sun Broadband blended	237	213	207	242	274	285	286	268
Fixed Broadband	1,137	1,137	1,138	1,144	1,152	1,095	1,108	1,142



# Historical Consolidated: Service Revenues and EBITDA



(Php in millions)	2015					2014				
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY
<b>Fixed line</b>	<b>13,034</b>	<b>13,302</b>	<b>13,589</b>	<b>13,817</b>	<b>53,742</b>	<b>12,720</b>	<b>12,635</b>	<b>12,773</b>	<b>13,360</b>	<b>51,488</b>
Local exchange	4,172	4,226	4,280	4,301	16,979	4,087	4,107	4,104	4,189	16,487
International long distance	1,311	1,323	1,273	1,336	5,243	1,679	1,603	1,483	1,769	6,534
National long distance	923	906	915	833	3,577	1,006	1,007	1,031	942	3,986
Data and other network	6,436	6,644	6,945	7,145	27,170	5,760	5,744	5,975	6,242	23,721
Miscellaneous	192	203	176	202	773	188	174	180	218	760
<b>Wireless</b>	<b>27,514</b>	<b>27,309</b>	<b>27,253</b>	<b>27,112</b>	<b>109,188</b>	<b>28,518</b>	<b>28,690</b>	<b>27,625</b>	<b>28,622</b>	<b>113,455</b>
Cellular services	24,529	24,103	23,872	23,794	96,298	25,608	25,614	24,570	25,505	101,297
Wireless broadband and others	2,721	2,962	3,031	3,128	11,842	2,763	2,804	2,788	2,747	11,102
Wireless broadband	2,506	2,655	2,820	2,925	10,906	2,448	2,490	2,519	2,465	9,922
Others	215	307	211	203	936	315	314	269	282	1,180
Digital	264	244	350	190	1,048	147	272	267	370	1,056
<b>Total Consolidated Gross Service Revenues</b>	<b>40,548</b>	<b>40,611</b>	<b>40,842</b>	<b>40,929</b>	<b>162,930</b>	<b>41,238</b>	<b>41,325</b>	<b>40,398</b>	<b>41,982</b>	<b>164,943</b>
Non-Service revenues	2,005	2,027	1,838	2,303	8,173	1,326	1,572	1,462	1,532	5,892
<b>Total Consolidated Gross Revenues</b>	<b>42,553</b>	<b>42,638</b>	<b>42,680</b>	<b>43,232</b>	<b>171,103</b>	<b>42,564</b>	<b>42,897</b>	<b>41,860</b>	<b>43,514</b>	<b>170,835</b>
<b>Add:</b>										
Cash operating expenses	(18,701)	(21,575)	(19,158)	(20,935)	(80,369)	(18,756)	(20,257)	(19,604)	(19,754)	(78,371)
Cost of sales	(3,704)	(3,984)	(4,021)	(4,905)	(16,614)	(3,449)	(3,476)	(3,255)	(3,332)	(13,512)
Writedown of inventory and provision for doubtful AR	(866)	(841)	(955)	(1,240)	(3,902)	(637)	(557)	(394)	(614)	(2,202)
<b>EBITDA</b>	<b>19,282</b>	<b>16,238</b>	<b>18,546</b>	<b>16,152</b>	<b>70,218</b>	<b>19,722</b>	<b>18,607</b>	<b>18,607</b>	<b>19,814</b>	<b>76,750</b>
EBITDA Margin <sup>(1)</sup>	48%	40%	45%	39%	43%	48%	45%	46%	47%	47%

<sup>(1)</sup> EBITDA margin calculated as EBITDA divided by service revenues (gross of interconnection costs)

# Historical Wireless: Service Revenues & EBITDA

(Php in millions)	2015					2014				
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY
<b>Wireless Gross Service Revenues</b>										
Cellular services	24,878	24,478	24,238	24,144	97,738	26,024	26,012	24,966	25,778	102,780
Cellular voice	11,915	11,599	10,995	10,972	45,481	12,811	12,946	12,382	12,926	51,065
Domestic	8,920	8,786	8,378	8,420	34,504	8,968	9,320	9,064	9,528	36,880
International	2,995	2,813	2,617	2,552	10,977	3,843	3,626	3,318	3,398	14,185
SMS	9,698	9,542	9,472	9,246	37,958	10,333	10,077	9,506	9,878	39,794
Domestic	9,016	8,860	8,873	8,673	35,422	9,526	9,239	8,735	9,105	36,605
International	682	682	599	573	2,536	807	838	771	773	3,189
Mobile internet revenues	2,235	2,543	2,871	2,772	10,421	1,871	2,089	2,146	2,147	8,253
VAS/financial services	521	282	399	392	1,594	410	421	426	408	1,665
Other cellular revenues	509	512	501	762	2,284	599	479	506	419	2,003
Wireless broadband and others	2,743	2,984	3,052	3,148	11,927	2,790	2,830	2,812	2,769	11,201
Wireless broadband	2,528	2,677	2,841	2,945	10,991	2,474	2,515	2,543	2,487	10,019
Others	215	307	211	203	936	316	315	269	282	1,182
Digital	265	245	351	190	1,051	147	272	267	370	1,056
<b>Total Wireless Gross Service Revenues</b>	<b>27,886</b>	<b>27,707</b>	<b>27,641</b>	<b>27,482</b>	<b>110,716</b>	<b>28,961</b>	<b>29,114</b>	<b>28,045</b>	<b>28,917</b>	<b>115,037</b>
Non-Service revenues	1,290	1,204	1,027	1,276	4,797	863	945	969	1,065	3,842
<b>Total Wireless Gross Revenues</b>	<b>29,176</b>	<b>28,911</b>	<b>28,668</b>	<b>28,758</b>	<b>115,513</b>	<b>29,824</b>	<b>30,059</b>	<b>29,014</b>	<b>29,982</b>	<b>118,879</b>
<b>Add:</b>										
Cash operating expenses	(12,775)	(13,941)	(13,202)	(14,827)	(54,745)	(13,002)	(14,306)	(13,507)	(13,511)	(54,326)
Cost of sales	(3,217)	(3,270)	(3,395)	(3,991)	(13,873)	(2,926)	(2,892)	(2,838)	(2,976)	(11,632)
Writedown of inventory and provision for doubtful AR	(581)	(539)	(639)	(899)	(2,658)	(599)	(521)	(392)	(492)	(2,004)
<b>EBITDA</b>	<b>12,603</b>	<b>11,161</b>	<b>11,432</b>	<b>9,041</b>	<b>44,237</b>	<b>13,297</b>	<b>12,340</b>	<b>12,277</b>	<b>13,003</b>	<b>50,917</b>
<i>EBITDA Margin<sup>(1)</sup></i>	<i>45%</i>	<i>40%</i>	<i>41%</i>	<i>33%</i>	<i>40%</i>	<i>46%</i>	<i>42%</i>	<i>44%</i>	<i>45%</i>	<i>44%</i>

(1) EBITDA margin calculated as EBITDA divided by service revenues (gross of interconnection costs)

# Historical Fixed Line: Service Revenues and EBITDA

(Php in millions)	2015					2014				
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY
<b>Fixed Line Gross Service Revenues</b>										
Local exchange	4,196	4,250	4,304	4,326	17,076	4,111	4,132	4,131	4,213	16,587
International long distance	2,255	2,335	2,233	2,396	9,219	2,859	2,843	2,696	3,006	11,404
National long distance	1,018	1,000	1,010	930	3,958	1,099	1,100	1,128	1,038	4,365
Data and other network	8,074	8,261	8,537	8,876	33,748	7,385	7,420	7,605	7,922	30,332
Miscellaneous	393	362	343	376	1,474	324	344	352	399	1,419
<b>Total Fixed Line Service Revenues</b>	<b>15,936</b>	<b>16,208</b>	<b>16,427</b>	<b>16,904</b>	<b>65,475</b>	<b>15,778</b>	<b>15,839</b>	<b>15,912</b>	<b>16,578</b>	<b>64,107</b>
Non-Service revenues	715	824	812	1,039	3,390	463	628	493	487	2,071
<b>Total Fixed Line Gross Revenues</b>	<b>16,651</b>	<b>17,032</b>	<b>17,239</b>	<b>17,943</b>	<b>68,865</b>	<b>16,241</b>	<b>16,467</b>	<b>16,405</b>	<b>17,065</b>	<b>66,178</b>
<b>Add:</b>										
Cash operating expenses	(9,590)	(11,197)	(9,473)	(9,853)	(40,113)	(9,586)	(9,868)	(9,940)	(10,128)	(39,522)
Cost of sales	(491)	(714)	(626)	(928)	(2,759)	(523)	(588)	(417)	(375)	(1,903)
Writedown of inventory and provision for doubtful AR	(285)	(302)	(316)	(341)	(1,244)	(38)	(36)	(2)	(122)	(198)
<b>EBITDA</b>	<b>6,285</b>	<b>4,819</b>	<b>6,824</b>	<b>6,821</b>	<b>24,749</b>	<b>6,094</b>	<b>5,975</b>	<b>6,046</b>	<b>6,440</b>	<b>24,555</b>
<i>EBITDA Margin <sup>(1)</sup></i>	39%	30%	42%	40%	38%	39%	38%	38%	39%	38%

(1) EBITDA margin calculated as EBITDA divided by service revenues (gross of interconnection costs)

## Fixed line revenues - net of interconnection costs

(Php in millions)	2015					2014				
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY
<b>Fixed Line Service Revenues, net</b>										
Local exchange	4,196	4,249	4,303	4,326	17,074	4,109	4,132	4,130	4,213	16,584
International long distance	853	873	895	866	3,487	1,100	1,062	996	1,245	4,403
National long distance	786	782	804	719	3,091	865	857	888	814	3,424
Data and other network	8,056	8,245	8,510	8,872	33,683	7,347	7,382	7,585	7,933	30,247
Miscellaneous	393	362	343	376	1,474	324	344	352	399	1,419
<b>Total</b>	<b>14,284</b>	<b>14,511</b>	<b>14,855</b>	<b>15,159</b>	<b>58,809</b>	<b>13,745</b>	<b>13,777</b>	<b>13,951</b>	<b>14,604</b>	<b>56,077</b>

# Earnings Per Share



	FY2015 (audited)		FY2014 (audited)	
	Basic	Diluted	Basic	Diluted
Net income attributable to equity holders of PLDT	22,065	22,065	34,091	34,091
Dividends on preferred shares	(59)	(59)	(59)	(59)
<b>Net income for the period attributable to common equity holders of PLDT</b>	<b>22,006</b>	<b>22,006</b>	<b>34,032</b>	<b>34,032</b>
<b>Weighted average number of common shares, end</b>	<b>216,056</b>	<b>216,056</b>	<b>216,056</b>	<b>216,056</b>
<b>EPS (based on reported net income)</b>	<b>101.85</b>	<b>101.85</b>	<b>157.51</b>	<b>157.51</b>
Core net income	35,212	35,212	37,410	37,410
Dividends on preferred shares	(59)	(59)	(59)	(59)
<b>Core Net income applicable to common shares</b>	<b>35,153</b>	<b>35,153</b>	<b>37,351</b>	<b>37,351</b>
<b>Weighted average number of common shares, end</b>	<b>216,056</b>	<b>216,056</b>	<b>216,056</b>	<b>216,056</b>
<b>EPS (based on core net income)</b>	<b>162.70</b>	<b>162.70</b>	<b>172.88</b>	<b>172.88</b>

# Cash Flows

<i>(Php in millions)</i>	FY2015				FY2014	% Change
	Wireless	Fixed Line	Others	Consolidated (audited)	Consolidated (audited)	
Net cash from operations	46,919	22,556	740	69,744	66,015	6%
Add(Deduct):						
Capital expenditures	(30,311)	(12,864)	-	(43,175)	(34,759)	24%
Interest, net	(1,083)	(3,837)	41	(4,468)	(4,154)	8%
Preferred share dividends paid	-	(67)	-	(67)	(59)	14%
Others	5,331	25,184	5,573	5,791	667	768%
<b>Free cash flow</b>	<b>20,856</b>	<b>30,972</b>	<b>6,354</b>	<b>27,825</b>	<b>27,710</b>	<b>-</b>
Common share dividends	(24,500)	(32,461)	(5,798)	(32,465)	(39,841)	(19%)
Investments	(810)	(67)	(1,538)	(2,352)	(21,764)	(89%)
Maturity of Investment in debt securities	292	-	-	292	3,022	(90%)
Payments for redemption of shares	-	-	(1)	(1)	(51)	(98%)
Debt proceeds (repayments), net	13,792	13,491	-	27,283	25,603	7%
Change in cash	9,630	11,935	(983)	20,582	(5,321)	(487%)
Cash and short term investments, beginning	14,787	10,747	1,768	27,302	32,623	(16%)
<b>Cash and short term investments, end</b>	<b>24,417</b>	<b>22,682</b>	<b>785</b>	<b>47,884</b>	<b>27,302</b>	<b>75%</b>

# Balance Sheet

<i>(Php in millions)</i>	Consolidated	
	December 31, 2015 (audited)	December 31, 2014 (audited)
<b>Total Assets</b>	<b>455,095</b>	<b>436,295</b>
<b>Nominal Value of Total Long-term Debt in US\$</b>	<b>161,568</b>	<b>130,634</b>
<b>Less: Unamortized Debt Discount</b>	<b>676</b>	<b>511</b>
<b>Total Long-term Debt</b>	<b>160,892</b>	<b>130,123</b>
<b>Cash and short-term investments</b>	<b>47,884</b>	<b>27,302</b>
<b>Net Debt <sup>(1)</sup></b>	<b>113,684</b>	<b>103,332</b>
<b>Equity</b>	<b>113,898</b>	<b>134,668</b>
<b>Total Debt<sup>(2)</sup>/Equity</b>	<b><u>1.42x</u></b>	<b><u>0.97x</u></b>
<b>Net Debt<sup>(1)</sup>/Equity</b>	<b><u>1.00x</u></b>	<b><u>0.77x</u></b>
<b>Total Debt<sup>(2)</sup>/EBITDA</b>	<b><u>2.30x</u></b>	<b><u>1.70x</u></b>
<b>Net Debt <sup>(1)</sup>/EBITDA</b>	<b><u>1.62x</u></b>	<b><u>1.35x</u></b>

(1) Net Debt calculated based on nominal value of debts less cash and cash equivalents and short-term investments

(2) Nominal value of total debt

# Debt Profile

<i>(US\$ in millions)</i>	2011	2012	2013	2014	2015
Debt Balance	2,719	2,851	2,353	2,920	3,429
Cash and short-term investments	1,061	919	735	610	1,016
<b>Net Debt</b>	<b>1,658</b>	<b>1,932</b>	<b>1,618</b>	<b>2,310</b>	<b>2,413</b>

## Interest-bearing Liabilities

<i>(US\$ in millions)</i>	December 31, 2015 (audited)			December 31, 2014	Change
	Carrying Value	Unamortized Debt Discount/Debt Issuance	Face Value	(Audited) Face Value	
<b>Debt</b>					
PLDT	\$1,998	\$5	\$2,003	\$1,766	\$237
Smart	1,313	9	1,322	962	360
DIGITEL	104	-	104	192	(88)
<b>Total Debt</b>	<b>\$3,415</b>	<b>\$14</b>	<b>\$3,429</b>	<b>\$2,920</b>	<b>\$509</b>

# Foreign Exchange Risk

## Forex Impact on Core Income

Forex sensitivity for every P1 change (in US\$ millions)

	Conso - net of Elim
<b>US\$ Revenues*</b>	<b>626.3</b>
<b>US\$ Expenses</b>	<b>(300.2)</b>
Cash Opex*	(227.3)
Cost of sales	(6.4)
Financing costs	(66.5)
<b>US\$ Income before tax</b>	<b>326.1</b>
Tax effect	97.8
<b>Core Earnings</b>	<b>228.3</b>
<b>EBITDA</b>	<b>392.6</b>
* Gross of interconnection costs amounting to:	98.2
Local exchange revenues (in million Php)	9,668.2

## Forex Impact of B/S Revaluation

Forex sensitivity for every P1 change on B/S Revaluation (in US\$ millions)

	Conso
Debt (net of LT hedges)*	1,018.6
Accounts Payable	99.4
Accrued Liabilities	153.1
Derivative Liabilities	22.1
<b>Total US\$ denominated Liabilities</b>	<b>1,293.3</b>
Cash and Cash Equivalents	379.3
Short-term Investments	24.5
Trade and other receivables	142.0
Derivative Assets	3.6
Investment in Debt Securities, Advances & Others	26.4
<b>Total US\$ denominated Assets</b>	<b>575.8</b>
<b>Forex Revaluation for every P1 change</b>	<b>±717.50</b>
* Debt	1,445.3
Less: LT hedges	391.7
ST Forwards	35.0
Debt (net of LT hedges)	1,018.6

## Forex Impact on Derivatives

**P1 movement in the USD/PHP exchange rate corresponds to a P188M change in derivatives**

	Ave.	Period End
<b>Forex rate, FY2015</b>	<b>45.51</b>	<b>47.12</b>
<b>Forex rate, FY2014</b>	<b>44.40</b>	<b>44.74</b>
<b>% of Peso depreciation vs US\$</b>	<b>2.5%</b>	<b>5.3%</b>



*Except for historical financial and operating data and other information in respect of historical matters, the statements contained herein are “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. The words “believe”, “intend”, “plan”, “anticipate”, “continue”, “estimate”, “expect”, “may”, “will” or other similar words are frequently used to indicate these forward looking statements. Any such forward-looking statement is not a guarantee of future performance and involves a number of known and unknown risks, uncertainties and other factors that could cause the actual performance, financial condition or results of operation of PLDT to be materially different from any future performance, financial condition or results of operation implied by such forward-looking statement. Among the factors that could cause actual results to differ from the implied or expected results are those factors discussed under “Risk Factors” in Item 3 in PLDT’s annual report on Form 20-F.*

For inquiries, please contact: PLDT INVESTOR RELATIONS  
(632) 816-8024  
[pldt\\_ir\\_center@pldt.com.ph](mailto:pldt_ir_center@pldt.com.ph)

