



August 6, 2020

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

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

Gentlemen:

In accordance with Section 17.1(b) of the Securities Regulation Code and SRC Rule 17.1.1.1.2, we submit herewith two (2) copies of SEC Form 17-Q with Management's Discussion and Analysis and accompanying unaudited consolidated financial statements for the six (6) months ended June 30, 2020.

Very truly yours,


MA. LOURDES C. RAUSA-CHAN
Corporate Secretary



August 6, 2020

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

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

Gentlemen:

In accordance with Section 17.1(b) of the Securities Regulation Code and SRC Rule 17.3, we submit herewith a copy of SEC Form 17-Q with Management's Discussion and Analysis and accompanying unaudited consolidated financial statements for the six (6) months ended June 30, 2020.

Very truly yours,

A handwritten signature in black ink, appearing to read "LR Chan".

MA. LOURDES C. RAUSA-CHAN
Corporate Secretary

SEC Number
File Number

PW-55

PLDT Inc.

(Company's Full Name)

**Ramon Cojuangco Building
Makati Avenue, Makati City**

(Company's Address)

(632) 8816-8556

(Telephone Number)

Not Applicable

(Fiscal Year Ending)
(month & day)

SEC Form 17-Q

Form Type

Not Applicable

Amendment Designation (if applicable)

June 30, 2020

Period Ended Date

Not Applicable

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE ("SRC") AND
SRC 17 (2) (b) THEREUNDER

1. For the quarterly period ended **June 30, 2020**
2. SEC Identification Number **PW-55**
3. BIR Tax Identification No. **000-488-793**
4. **PLDT Inc.**
Exact name of registrant as specified in its charter
5. **Republic of the Philippines**
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **Ramon Cojuangco Building, Makati Avenue, Makati** **0721**
City Postal Code
Address of registrant's principal office
8. **(632) 8816-8556**
Registrant's telephone number, including area code
9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 of the SRC

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Capital Stock, Php5 par value	216,055,775 shares as at June 30, 2020
11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes [] No []
12. Check whether the registrant
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports):
Yes [] No []
 - (b) has been subject to such filing requirements for the past 90 days.
Yes [] No []

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PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Our consolidated financial statements as at June 30, 2020 (unaudited) and December 31, 2019 (audited) and for the six months ended June 30, 2020 and 2019 (unaudited) and related notes (pages F-1 to F-171) are filed as part of this report on Form 17-Q.

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

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

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

The financial information appearing in this report and in the accompanying unaudited consolidated financial statements is stated in Philippine pesos. Unless otherwise indicated, translations of Philippine peso amounts into U.S. dollars in this report and in the accompanying unaudited consolidated financial statements were made based on the exchange rate of Php49.79 to US\$1.00, the exchange rate as at June 30, 2020 quoted through the Bankers Association of the Philippines.

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

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

Financial Highlights and Key Performance Indicators

	Six months ended June 30,		Increase (Decrease)	
	2020	2019 ⁽¹⁾	Amount	%
(amounts in million Php, except for EBITDA margin and earnings per common share)				
Consolidated Income Statement				
Revenues	86,735	81,984	4,751	6
Expenses	64,819	61,613	3,206	5
Other income (expenses) – net	(4,797)	(3,300)	(1,497)	(45)
Income before income tax	17,119	17,071	48	—
Net income	12,423	12,235	188	2
Core income	12,981	12,320	661	5
Telco core income	13,868	13,203	665	5
EBITDA	43,165	39,666	3,499	9
EBITDA margin ⁽²⁾	52%	51%	—	—
Reported earnings per common share:				
Basic	56.70	56.37	0.33	1
Diluted	56.70	56.37	0.33	1
Core earnings per common share ⁽³⁾ :				
Basic	59.95	56.89	3.06	5
Diluted	59.95	56.89	3.06	5

	June 30,	December 31,	Increase (Decrease)	
	2020	2019	Amount	%
(amounts in million Php, except for net debt to equity ratio)				
Consolidated Statements of Financial Position				
Total assets	557,692	525,027	32,665	6
Property and equipment	245,064	232,134	12,930	6
Cash and cash equivalents and short-term investments	47,493	24,683	22,810	92
Total equity attributable to equity holders of PLDT	114,902	111,987	2,915	3
Long-term debt, including current portion	235,300	192,556	42,744	22
Net debt ⁽⁴⁾ to equity ratio	1.63x	1.50x	—	—

	Six months ended June 30,		Change	
	2020	2019	Amount	%
(amounts in million Php, except for operational data)				
Consolidated Statements of Cash Flows				
Net cash provided by operating activities	33,890	35,828	(1,938)	(5)
Net cash used in investing activities	(39,578)	(37,135)	(2,443)	(7)
<i>Payment for purchase of property and equipment, including capitalized interest</i>	<i>(41,046)</i>	<i>(40,961)</i>	<i>(85)</i>	<i>—</i>
Net cash provided by (used in) financing activities	27,396	(17,517)	44,913	256
Operational Data				
Number of mobile subscribers	70,185,489	67,547,646	2,637,843	4
<i>Prepaid</i>	<i>67,738,421</i>	<i>65,151,418</i>	<i>2,587,003</i>	<i>4</i>
<i>Postpaid</i>	<i>2,447,068</i>	<i>2,396,228</i>	<i>50,840</i>	<i>2</i>
Number of broadband subscribers	2,609,166	2,041,946	567,220	28
<i>Fixed Line broadband</i>	<i>2,105,140</i>	<i>1,841,147</i>	<i>263,993</i>	<i>14</i>
<i>Fixed Wireless broadband</i>	<i>504,026</i>	<i>200,799</i>	<i>303,227</i>	<i>151</i>
Number of fixed line subscribers	2,917,641	2,711,411	206,230	8
Number of employees:	18,416	19,457	(1,041)	(5)
<i>Fixed Line</i>	<i>12,518</i>	<i>13,157</i>	<i>(639)</i>	<i>(5)</i>
<i>LEC</i>	<i>10,937</i>	<i>11,038</i>	<i>(101)</i>	<i>(1)</i>
<i>Others</i>	<i>1,581</i>	<i>2,119</i>	<i>(538)</i>	<i>(25)</i>
<i>Wireless</i>	<i>5,898</i>	<i>6,300</i>	<i>(402)</i>	<i>(6)</i>

⁽¹⁾ Certain amounts for the six months ended June 30, 2019 were reclassified to conform with the current presentation.

⁽²⁾ EBITDA margin for the period is measured as EBITDA divided by service revenues.

⁽³⁾ Core earnings per common share, or EPS, for the period is measured as core income divided by the weighted average number of outstanding common shares for the period.

⁽⁴⁾ Net debt is derived by deducting cash and cash equivalents and short-term investments from total debt (long-term debt, including current portion).

Exchange Rates – per US\$	Month end rates	Weighted average rates during the year
June 30, 2020	49.79	50.64
December 31, 2019	50.80	51.79
June 30, 2019	51.23	52.21
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 75.7 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., PLDT Subic Telecom, Inc., PLDT-Maratel, 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 June 30, 2020, our chief operating decision maker, or our Management Committee, views our business activities in three business units: Wireless, Fixed Line and Others.

Management's Financial Review

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

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

	2020	2019
	(amounts in million Php)	
Consolidated net income	12,423	12,235
Add (deduct) adjustments:		
Depreciation and amortization	20,897	18,903
Provision for income tax	4,696	4,836
Financing costs – net	4,838	4,285
Equity share in net losses of associates and joint ventures	1,028	706
Impairment of investments	659	34
Amortization of intangible assets	352	392
Losses on derivative financial instruments – net	132	308
Foreign exchange gains – net	(513)	(362)
Interest income	(686)	(1,012)
Other income – net	(661)	(659)
Total adjustments	30,742	27,431
Consolidated EBITDA	43,165	39,666

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

	2020	2019
	(amounts in million Php)	
Consolidated net income	12,423	12,235
Add (deduct) adjustments:		
Impairment of investments	659	34
Unrealized losses (gains) in fair value of investments	361	(142)
Losses on derivative financial instruments – net, excluding hedge costs	116	281
Manpower rightsizing program	45	292
Core income adjustment on equity share in net losses (income) of associates and joint ventures	(22)	141
Net income attributable to noncontrolling interests	(143)	(28)
Foreign exchange gains – net	(513)	(362)
Net tax effect of aforementioned adjustments	55	(131)
Total adjustments	558	85
Consolidated core income	12,981	12,320
Add (deduct) adjustments:		
Share in VIH losses	887	631
Gain on sale of Rocket Internet shares	–	(126)
Accelerated depreciation, net	–	378
Total adjustments	887	883
Telco core income	13,868	13,203

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 six months ended June 30, 2020 and 2019. In each of the six months ended June 30, 2020 and 2019, majority of our revenues are derived from our operations within the Philippines. Our revenues derived from outside the Philippines consist primarily of revenues from incoming international calls to the Philippines.

	Wireless	Fixed Line	Others	Inter-segment Transactions	Consolidated
(amounts in million Php, except for EBITDA margin)					
For the six months ended June 30, 2020					
Revenues	49,911	46,483	—	(9,659)	86,735
Expenses	37,055	37,404	8	(9,648)	64,819
Other income (expenses) – net	(2,635)	(217)	(1,997)	52	(4,797)
Income (loss) before income tax	10,221	8,862	(2,005)	41	17,119
Provision for (benefit from) income tax	2,337	2,403	(217)	173	4,696
Net income (loss)/Segment profit (loss)	7,884	6,459	(1,788)	(132)	12,423
EBITDA	29,012	17,373	(8)	(3,212)	43,165
EBITDA margin ⁽¹⁾	61%	38%	—	—	52%
Core income (loss)	7,867	6,163	(913)	(136)	12,981
Telco core income	7,867	6,163	(26)	(136)	13,868
For the six months ended June 30, 2019					
Revenues	46,231	44,217	—	(8,464)	81,984
Expenses	34,249	35,877	10	(8,523)	61,613
Other income (expenses) – net	(2,292)	(627)	(462)	81	(3,300)
Income (loss) before income tax	9,690	7,713	(472)	140	17,071
Provision for (benefit from) income tax	2,531	2,331	(207)	181	4,836
Net income (loss)/Segment profit (loss)	7,159	5,382	(265)	(41)	12,235
EBITDA	26,005	16,389	(10)	(2,718)	39,666
EBITDA margin ⁽¹⁾	60%	38%	—	—	51%
Core income (loss)	7,166	5,461	(266)	(41)	12,320
Telco core income	7,544	5,461	239	(41)	13,203
Increase (Decrease)					
Revenues	3,680	2,266	—	(1,195)	4,751
Expenses	2,806	1,527	(2)	(1,125)	3,206
Other income (expenses) – net	(343)	410	(1,535)	(29)	(1,497)
Income (loss) before income tax	531	1,149	(1,533)	(99)	48
Provision for (benefit from) income tax	(194)	72	(10)	(8)	(140)
Net income (loss)/Segment profit (loss)	725	1,077	(1,523)	(91)	188
EBITDA	3,007	984	2	(494)	3,499
Core income (loss)	701	702	(647)	(95)	661
Telco core income	323	702	(265)	(95)	665

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

On a Consolidated Basis

Revenues

We reported consolidated revenues of Php86,735 million for the six months ended June 30, 2020, an increase of Php4,751 million, or 6%, as compared with Php81,984 million in the same period in 2019, primarily due to higher revenues from data services in our Wireless and Fixed Line business segments, partially offset by lower revenues from voice and SMS services in our Wireless business segment.

Our consolidated service revenues of Php83,482 million for the six months ended June 30, 2020, increased by Php5,126 million, or 7%, from Php78,356 million in the same period in 2019, while our consolidated non-service revenues of Php3,253 million for the six months ended June 30, 2020, decreased by Php375 million, or 10%, from Php3,628 million in the same period in 2019.

Consolidated service revenues, net of interconnection costs, amounted to Php82,841 million for the six months ended June 30, 2020, an increase of Php6,186 million, or 8%, from Php76,655 million in the same period in 2019.

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



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

	Wireless	Fixed Line	Inter-segment Transactions	Consolidated
	(amounts in million Php)			
For the six months ended June 30, 2020				
Service Revenues				
<i>Wireless</i>	47,190		(980)	46,210
Mobile	46,836		(721)	46,115
Home broadband	25		—	25
MVNO and others	329		(259)	70
<i>Fixed Line</i>		45,951	(8,679)	37,272
Voice		13,319	(4,031)	9,288
Data		32,270	(4,475)	27,795
Home broadband		15,360	(45)	15,315
Corporate data and ICT		16,910	(4,430)	12,480
Miscellaneous		362	(173)	189
Total Service Revenues	47,190	45,951	(9,659)	83,482
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	2,721	508	—	3,229
Point-product sales	—	24	—	24
Total Non-Service Revenues	2,721	532	—	3,253
Total Revenues	49,911	46,483	(9,659)	86,735
For the six months ended June 30, 2019				
Service Revenues				
<i>Wireless</i>	43,435		(1,233)	42,202
Mobile	42,408		(442)	41,966
Home broadband	50		—	50
MVNO and others	977		(791)	186
<i>Fixed Line</i>		43,384	(7,230)	36,154
Voice		13,109	(3,058)	10,051
Data		29,887	(3,996)	25,891
Home broadband		13,882	(83)	13,799
Corporate data and ICT		16,005	(3,913)	12,092
Miscellaneous		388	(176)	212
Total Service Revenues	43,435	43,384	(8,463)	78,356
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	2,796	647	(2)	3,441
Point-product sales	—	186	1	187
Total Non-Service Revenues	2,796	833	(1)	3,628
Total Revenues	46,231	44,217	(8,464)	81,984

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

	2020	%	2019	%	Change	
					Amount	%
	(amounts in million Php)					
Wireless	49,911	57	46,231	56	3,680	8
Fixed Line	46,483	54	44,217	54	2,266	5
Inter-segment transactions	(9,659)	(11)	(8,464)	(10)	(1,195)	(14)
Consolidated	86,735	100	81,984	100	4,751	6

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 six months ended June 30, 2020 and 2019.

	2020	%	2019	%	Change	
					Amount	%
	(amounts in million Php)					
Wireless	47,190	54	43,435	53	3,755	9
<i>Individual</i>	40,121	46	35,174	43	4,947	14
<i>Home</i>	492	—	1,079	1	(587)	(54)
<i>Enterprise</i>	3,993	5	3,282	4	711	22
<i>International</i>	2,584	3	3,899	5	(1,315)	(34)
<i>Others</i>	—	—	1	—	(1)	(100)
Fixed Line	45,951	53	43,384	53	2,567	6
<i>Home</i>	19,617	23	18,415	22	1,202	7
<i>Enterprise</i>	21,103	24	20,417	25	686	3
<i>International</i>	5,164	6	4,463	5	701	16
<i>Others</i>	67	—	89	—	(22)	(25)
Inter-segment Transactions	(9,659)	(11)	(8,463)	(10)	(1,196)	(14)
Total Service Revenues	83,482	96	78,356	96	5,126	7
Wireless	2,721	3	2,796	3	(75)	(3)
<i>Individual</i>	1,837	2	1,854	2	(17)	(1)
<i>Enterprise</i>	882	1	935	1	(53)	(6)
<i>International</i>	2	—	7	—	(5)	(71)
Fixed Line	532	1	833	1	(301)	(36)
<i>Home</i>	322	1	589	1	(267)	(45)
<i>Enterprise</i>	210	—	244	—	(34)	(14)
Inter-segment Transactions	—	—	(1)	—	1	100
Total Non-Service Revenues	3,253	4	3,628	4	(375)	(10)
Total Revenues	86,735	100	81,984	100	4,751	6

Expenses

Consolidated expenses increased by Php3,206 million, or 5%, to Php64,819 million for the six months ended June 30, 2020 from Php61,613 million in the same period in 2019, primarily due to higher selling, general and administrative expenses, which include advance 13th month pay of employees and other enhanced community quarantine, or ECQ, related expenses, and depreciation and amortization in our Wireless and Fixed Line business segments, as well as higher provision for expected credit losses in our Wireless business segment and 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 six months ended June 30, 2020 and 2019:

	2020	%	2019	%	Change	
					Amount	%
	(amounts in million Php)					
Wireless	37,055	57	34,249	56	2,806	8
Fixed Line	37,404	58	35,877	58	1,527	4
Others	8	—	10	—	(2)	(20)
Inter-segment transactions	(9,648)	(15)	(8,523)	(14)	(1,125)	(13)
Consolidated	64,819	100	61,613	100	3,206	5

Other Income (Expenses) – Net

Consolidated other expenses amounted to Php4,797 million for the six months ended June 30, 2020, an increase of Php1,497 million, or 45%, from Php3,300 million in the same period in 2019, primarily due to the combined effects of the following: (i) impairment of iflix investment, losses on fair value in 2020 as against gains on fair value in 2019 of Rocket Internet investment, and higher equity share in net losses of VIH from our Other business segment; (ii) higher financing costs from our Wireless and Fixed Line business segments; and (iii) lower interest income from our Wireless, Fixed Line and Other business segments.

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

	2020	2019	Change	
			Amount	%
	(amounts in million Php)			
Wireless	(2,635)	(2,292)	(343)	(15)
Fixed Line	(217)	(627)	410	65
Others	(1,997)	(462)	(1,535)	(332)
Inter-segment transactions	52	81	(29)	(36)
Consolidated	(4,797)	(3,300)	(1,497)	(45)

Net Income (Loss)

Consolidated net income increased by Php188 million, or 2%, to Php12,423 million for the six months ended June 30, 2020, from Php12,235 million in the same period in 2019, primarily due to higher net income from our Wireless and Fixed Line business segments, partially offset by higher net loss from our Other business segment. Our consolidated basic and diluted EPS increased to Php56.70 for the six months ended June 30, 2020 from Php56.37 in the same period in 2019. Our weighted average number of outstanding common shares was approximately 216.06 million in each of the first six months of 2020 and 2019.

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

	2020	%	2019	%	Change	
					Amount	%
	(amounts in million Php)					
Wireless	7,884	63	7,159	58	725	10
Fixed Line	6,459	52	5,382	44	1,077	20
Others	(1,788)	(14)	(265)	(2)	(1,523)	(575)
Inter-segment transactions	(132)	(1)	(41)	—	(91)	(222)
Consolidated	12,423	100	12,235	100	188	2

EBITDA

Our consolidated EBITDA amounted to Php43,165 million for the six months ended June 30, 2020, an increase of Php3,499 million, or 9%, as compared with Php39,666 million in the same period in 2019, primarily due to higher EBITDA in our Wireless and Fixed Line business segments.

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

	2020	%	2019	%	Change	
					Amount	%
	(amounts in million Php)					
Wireless	29,012	67	26,005	66	3,007	12
Fixed Line	17,373	40	16,389	41	984	6
Others	(8)	—	(10)	—	2	20
Inter-segment transactions	(3,212)	(7)	(2,718)	(7)	(494)	(18)
Consolidated	43,165	100	39,666	100	3,499	9

Our consolidated EBITDA excluding MRP amounted to Php43,210 million for the six months ended June 30, 2020, an increase of Php3,252 million, or 8%, as compared with Php39,958 million in the same period in 2019.

Core Income

Our consolidated core income amounted to Php12,981 million for the six months ended June 30, 2020, an increase of Php661 million, or 5%, as compared with Php12,320 million in the same period in 2019 mainly on account of higher EBITDA, partly offset by higher depreciation and amortization and financing costs, as well as higher equity share in net losses. Our consolidated basic and diluted core EPS increased to Php59.95 for the six months ended June 30, 2020 from Php56.89 in the same period in 2019.

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

	2020	%	2019	%	Change	
					Amount	%
(amounts in million Php)						
Wireless	7,867	61	7,166	58	701	10
Fixed Line	6,163	47	5,461	44	702	13
Others	(913)	(7)	(266)	(2)	(647)	(243)
Inter-segment transactions	(136)	(1)	(41)	—	(95)	(232)
Consolidated	12,981	100	12,320	100	661	5

Our consolidated telco core income amounted to Php13,868 million for the six months ended June 30, 2020, an increase of Php665 million, or 5%, as compared with Php13,203 million in the same period in 2019 mainly due to higher EBITDA, partially offset by higher depreciation and amortization, and financing costs.

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

	2020	%	2019	%	Change	
					Amount	%
(amounts in million Php)						
Wireless	7,867	57	7,544	57	323	4
Fixed Line	6,163	44	5,461	41	702	13
Others	(26)	—	239	2	(265)	(111)
Inter-segment transactions	(136)	(1)	(41)	—	(95)	(232)
Consolidated	13,868	100	13,203	100	665	5

On a Business Segment Basis

Wireless

Revenues

We generated revenues of Php49,911 million from our Wireless business segment for the six months ended June 30, 2020, an increase of Php3,680 million, or 8%, from Php46,231 million in the same period in 2019.

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

	2020	%	2019	%	Increase (Decrease)	
					Amount	%
(amounts in million Php)						
Service Revenues:						
Mobile	46,836	94	42,408	92	4,428	10
Home broadband	25	—	50	—	(25)	(50)
MVNO and others ⁽¹⁾	329	1	977	2	(648)	(66)
Total Wireless Service Revenues	47,190	95	43,435	94	3,755	9
Non-Service Revenues:						
Sale of mobile handsets and broadband data modems	2,721	5	2,796	6	(75)	(3)
Total Wireless Revenues	49,911	100	46,231	100	3,680	8

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

Service Revenues

Our wireless service revenues increased by Php3,755 million, or 9%, to Php47,190 million for the six months ended June 30, 2020 as compared with Php43,435 million in the same period in 2019, primarily due to higher mobile revenues, partly offset by lower revenues from home broadband and MVNO and other services. As a percentage of our total wireless revenues, service revenues accounted for 95% and 94% for the six months ended June 30, 2020 and 2019, respectively.

Mobile Services

Our mobile service revenues amounted to Php46,836 million for the six months ended June 30, 2020, an increase of Php4,428 million, or 10%, from Php42,408 million in the same period in 2019. Mobile service revenues accounted for 99% and 98% of our wireless service revenues for the six months ended June 30, 2020 and 2019, respectively.

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

	2020	%	2019	%	Increase (Decrease)	
					Amount	%
(amounts in million Php)						
Mobile Services:						
Data	31,335	67	24,223	57	7,112	29
Voice	11,026	24	12,353	29	(1,327)	(11)
SMS	3,530	7	5,142	12	(1,612)	(31)
Inbound roaming and others ⁽¹⁾	945	2	690	2	255	37
Total	46,836	100	42,408	100	4,428	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 Php7,112 million, or 29%, to Php31,335 million for the six months ended June 30, 2020 from Php24,223 million in the same period in 2019 due to the growth in mobile internet usage driven mainly by the increased demand for data connectivity amidst the pandemic and meeting “new normal”, augmented by enhanced data products, consumer engagement promotions, advertising campaigns, and continuous network improvement and LTE migration. Data services accounted for 67% and 57% of our mobile service revenues for the six months ended June 30, 2020 and 2019, respectively.

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

	2020	%	2019	%	Increase (Decrease)	
					Amount	%
	(amounts in million Php)					
Data Services:						
Mobile internet ⁽¹⁾	29,355	94	21,983	91	7,372	34
Mobile broadband	1,430	4	1,836	7	(406)	(22)
Other data	550	2	404	2	146	36
Total	31,335	100	24,223	100	7,112	29

⁽¹⁾ Includes revenues from web-based services, net of discounts and content provider costs.

Mobile Internet

Mobile internet service revenues increased by Php7,372 million, or 34%, to Php29,355 million for the six months ended June 30, 2020 from Php21,983 million in the same period in 2019, primarily due to the following: (i) campaign refresh of the Prepaid business's data and content-led products such as *Giga Work*, *Giga Video*, *Giga Games*, *Giga Stories* and *Giga Music* for mobile prepaid services, which increased the usage of video, gaming and social media by Smart, TNT and Sun subscribers; (ii) continuation of promotions such as *Free Stories For All*, which increased the number of mobile data users and further stimulated data usage; (iii) data usage growth resulting from content consumption from video applications and services, games and social media while staying at home during community quarantine (iv) expansion of accessible channels for customers to discover and purchase mobile data services, such as *123#, the new Smart app, the Smart online store and through the online platforms of key account partners; (v) introduction of new data-led postpaid plans with the launch of Smart Signature; (vi) LTE migration initiatives which further increased the number of LTE device and data users among our subscriber base; and (vii) Smart Brand Thematic Relaunch with Korean Superstar Hyun Bin endorsing Smart as the fastest Mobile Network in the Philippines as verified by independent third party agencies, *Ookla* and *OpenSignal*. Mobile internet services accounted for 63% and 52% of our mobile service revenues for the six months ended June 30, 2020 and 2019, respectively.

Mobile Broadband

Mobile broadband revenues amounted to Php1,430 million for the six months ended June 30, 2020, a decrease of Php406 million, or 22%, from Php1,836 million in the same period in 2019, primarily due to a decrease in the number of subscribers using dongles as users shift to using mobile internet, home fiber and WiFi services. Mobile broadband services accounted for 3% and 4% of our mobile service revenues for the six months ended June 30, 2020 and 2019, respectively.

Other Data

Revenues from our other data services, which include value-added services, or VAS, domestic leased lines and share in revenue from PLDT WeRoam, increased by Php146 million, or 36%, to Php550 million for the six months ended June 30, 2020 from Php404 million in the same period in 2019, primarily due to higher revenues from domestic leased lines and VAS, which includes revenues from video subscriptions and mobile gaming in-app purchases influenced by *Mobile Legend: Bang Bang* online tournament in the second quarter of 2020.

Voice Services

Mobile revenues from our voice services, which include all voice traffic, decreased by Php1,327 million, or 11%, to Php11,026 million for the six months ended June 30, 2020 from Php12,353 million in the same period in 2019, due to subscribers' shift to alternative calling options and other OTT services. Mobile voice services accounted for 24% and 29% of our mobile service revenues for the six months ended June 30, 2020 and 2019, respectively.

Domestic voice service revenues decreased by Php1,164 million, or 11%, to Php9,617 million for the six months ended June 30, 2020 from Php10,781 million in the same period in 2019, due to lower domestic outbound revenues, and lower inbound voice service revenues due to the impact of the removal of interconnection rates for domestic mobile voice services.

International voice service revenues decreased by Php163 million, or 10%, to Php1,409 million for the six months ended June 30, 2020 from Php1,572 million in the same period in 2019, primarily due to decrease in international

inbound and outbound voice service revenues as a result of lower international voice traffic from overseas Filipino workers and international travellers due to the pandemic.

SMS Services

Mobile revenues from our SMS services, which include all SMS-related services, decreased by Php1,612 million, or 31%, to Php3,530 million for the six months ended June 30, 2020 from Php5,142 million in the same period in 2019 mainly due to the declining SMS volumes as a result of the increased adoption of alternative text messaging options, such as OTT services, social media, and messenger application, combined with the impact of removal of interconnection charges for domestic mobile SMS services. Mobile SMS services accounted for 7% and 12% of our mobile service revenues for the six months ended June 30, 2020 and 2019, respectively.

Inbound Roaming and Others

Mobile revenues from inbound roaming and other services increased by Php255 million, or 37%, to Php945 million for the six months ended June 30, 2020 from Php690 million in the same period in 2019 mainly due to facility service fees related to fixed wireless business.

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

	2020	2019	Increase (Decrease)	
			Amount	%
Mobile service revenues	46,836	42,408	4,428	10
<i>By service type</i>				
Prepaid	36,130	32,106	4,024	13
Postpaid	9,761	9,612	149	2
Inbound roaming and others	945	690	255	37

Prepaid Revenues

Revenues generated from our mobile prepaid services amounted to Php36,130 million for the six months ended June 30, 2020, an increase of Php4,024 million, or 13%, as compared with Php32,106 million in the same period in 2019. Mobile prepaid service revenues accounted for 77% and 76% of mobile service revenues for the six months ended June 30, 2020 and 2019, respectively. The increase in revenues from our mobile prepaid services was attributed to the increase in our mobile prepaid subscriber base, combined with higher average daily top-ups, driven by the sustained growth in mobile internet usages.

Postpaid Revenues

Revenues generated from mobile postpaid services amounted to Php9,761 million for the six months ended June 30, 2020, higher by Php149 million, or 2%, as compared with Php9,612 million in the same period in 2019, and accounted for 21% and 22% of mobile service revenues for the six months ended June 30, 2020 and 2019, respectively, driven by the increase in corporate subscriptions to enable work-from-home set-up and flexible learning arrangements.

Subscriber Base, ARPU and Churn Rates

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

	2020	2019	Increase (Decrease)	
			Amount	%
Mobile subscriber base				
Smart ⁽¹⁾	24,902,319	25,204,637	(302,318)	(1)
Prepaid	23,413,304	23,734,790	(321,486)	(1)
Postpaid	1,489,015	1,469,847	19,168	1
TNT	38,638,225	35,579,048	3,059,177	9
Sun ⁽¹⁾	6,644,945	6,763,961	(119,016)	(2)
Prepaid	5,686,892	5,837,580	(150,688)	(3)
Postpaid	958,053	926,381	31,672	3
Total mobile subscribers	70,185,489	67,547,646	2,637,843	4

⁽¹⁾ Includes mobile broadband subscribers.

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

The average monthly churn rates for Smart Prepaid subscribers were 5.8% and 3.6% for the six months ended June 30, 2020 and 2019, respectively, while the average monthly churn rates for TNT subscribers were 4.6% and 3.7% for the six months ended June 30, 2020 and 2019, respectively. The average monthly churn rates for Sun Prepaid subscribers were 7.7% and 5.1% for the six months ended June 30, 2020 and 2019, respectively.

The average monthly churn rates for Smart Postpaid subscribers were 1.7% and 2.1% for the six months ended June 30, 2020 and 2019, respectively. The average monthly churn rates for Sun Postpaid subscribers were 1.1% and 1.2% for the six months ended June 30, 2020 and 2019, respectively.

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

	Gross ⁽¹⁾		Increase (Decrease)		Net ⁽²⁾		Increase (Decrease)	
	2020	2019	Amount	%	2020	2019	Amount	%
(amounts in Php)								
Prepaid								
Smart	131	132	(1)	(1)	111	118	(7)	(6)
TNT	84	74	10	14	74	67	7	10
Sun	75	83	(8)	(10)	66	75	(9)	(12)
Postpaid								
Smart	841	815	26	3	810	805	5	1
Sun	390	424	(34)	(8)	382	421	(39)	(9)

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

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

Home Broadband

Revenues from our Home Broadband services amounted to Php25 million for the six months ended June 30, 2020, a decrease of Php25 million, or 50%, from Php50 million in the same period in 2019, primarily due to a decrease in the number of subscribers.

MVNO and Others

Revenues from our MVNO and other services amounted to Php329 million for the six months ended June 30, 2020, a decrease of Php648 million, or 66%, from Php977 million in the same period in 2019 primarily due to lower facility service fees.

Non-Service Revenues

Our wireless non-service revenues consist of sale of mobile handsets, mobile broadband data modems, tablets and accessories. Our wireless non-service revenues decreased by Php75 million, or 3%, to Php2,721 million for the six months ended June 30, 2020 from Php2,796 million in the same period in 2019, primarily due to lower number of units issued for mobile handsets resulting from the temporary closure of Smart wireless centers and Sun shops brought by community quarantine measures.

Expenses

Expenses associated with our Wireless business segment amounted to Php37,055 million for the six months ended June 30, 2020, an increase of Php2,806 million, or 8%, from Php34,249 million in the same period 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 74% in each of the six months ended June 30, 2020 and 2019.



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

	2020	%	2019	%	Increase (Decrease)	
					Amount	%
	(amounts in million Php)					
Selling, general and administrative expenses	16,265	44	14,932	44	1,333	9
Depreciation and amortization	15,804	43	13,631	40	2,173	16
Cost of sales and services	3,397	9	3,972	12	(575)	(14)
Provisions	1,279	3	542	1	737	136
Interconnection costs	252	1	1,113	3	(861)	(77)
Asset impairment	58	—	59	—	(1)	(2)
Total	37,055	100	34,249	100	2,806	8

Selling, general and administrative expenses increased by Php1,333 million, or 9%, to Php16,265 million, primarily due to higher expenses related to taxes and licenses, selling and promotions, compensation and employee benefits, and repairs and maintenance, partly offset by lower expenses related to professional and contracted services.

Depreciation and amortization charges increased by Php2,173 million, or 16%, to Php15,804 million, mainly on account of higher depreciation on network equipment, combined with higher depreciation of right-of-use asset.

Cost of sales and services decreased by Php575 million, or 14%, to Php3,397 million, primarily due to lower number of units issued for mobile handsets during the temporary closure of Smart wireless centers and Sun shops as a result of the community quarantine.

Provisions increased by Php737 million to Php1,279 million, primarily driven by the impact of pandemic to the economy resulting in higher receivables from our subscribers and expected credit losses, partially offset by lower provision for inventory obsolescence for both trade inventories and network materials.

Interconnection costs decreased by Php861 million, or 77%, to Php252 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, decreased by Php1 million, or 2%, to Php58 million.

Other Income (Expenses) – Net

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

	2020	2019	Change	
			Amount	%
	(amounts in million Php)			
Other Income (Expenses) – Net:				
Financing costs – net	(3,519)	(3,202)	(317)	(10)
Losses on derivative financial instruments – net	(48)	(92)	44	48
Foreign exchange gains – net	168	176	(8)	(5)
Interest income	337	406	(69)	(17)
Other income – net	427	420	7	2
Total	(2,635)	(2,292)	(343)	(15)

Our Wireless business segment's other expenses amounted to Php2,635 million for the six months ended June 30, 2020, an increase of Php343 million, or 15%, from Php2,292 million in the same period in 2019, primarily due to the combined effects of the following: (i) higher net financing costs by Php317 million mainly due to higher interest expense on loans resulting from higher outstanding loan balance and higher weighted average interest rate, and lower capitalized interest, partially offset by lower accretion on lease liabilities; (ii) lower interest income by Php69 million; (iii) lower net foreign exchange gains by Php8 million; (iv) lower net losses on derivative financial instruments by Php44 million; and (v) higher other income – net by Php7 million.

Provision for Income Tax

Provision for income tax amounted to Php2,337 million for the six months ended June 30, 2020, a decrease of Php194 million, or 8%, from Php2,531 million in the same period in 2019.

Net Income

As a result of the foregoing, our Wireless business segment's net income increased by Php725 million, or 10%, to Php7,884 million for the six months ended June 30, 2020 from Php7,159 million in the same period in 2019.

EBITDA

Our Wireless business segment's EBITDA increased by Php3,007 million, or 12%, to Php29,012 million for the six months ended June 30, 2020 from Php26,005 million in the same period in 2019. EBITDA margin increased to 61% for the six months ended June 30, 2020 from 60% in the same period in 2019.

Core Income

Our Wireless business segment's core income increased by Php701 million, or 10%, to Php7,867 million for the six months ended June 30, 2020 from Php7,166 million in the same period in 2019, mainly on account of higher EBITDA, partially offset by higher depreciation and amortization and net financing costs.

Fixed Line

Revenues

Revenues generated from our Fixed Line business segment amounted to Php46,483 million for the six months ended June 30, 2020, an increase of Php2,266 million, or 5%, from Php44,217 million in the same period in 2019.

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

	2020	%	2019	%	Increase (Decrease)	
					Amount	%
	(amounts in million Php)					
Service Revenues:						
Data	32,270	69	29,887	67	2,383	8
Voice	13,319	29	13,109	30	210	2
Miscellaneous	362	1	388	1	(26)	(7)
	45,951	99	43,384	98	2,567	6
Non-Service Revenues:						
Sale of computers, phone units and point-product sales	532	1	833	2	(301)	(36)
Total Fixed Line Revenues	46,483	100	44,217	100	2,266	5

Service Revenues

Our fixed line service revenues increased by Php2,567 million, or 6%, to Php45,951 million for the six months ended June 30, 2020 from Php43,384 million in the same period in 2019, primarily due to higher revenues from our data and voice services.

Data Services

Our data services posted revenues of Php32,270 million for the six months ended June 30, 2020, an increase of Php2,383 million, or 8%, from Php29,887 million in the same period in 2019, primarily due to higher revenues from home broadband, corporate data and leased lines, and data center and ICT services. The percentage contribution of this service segment to our fixed line service revenues accounted for 70% and 69% for the six months ended June 30, 2020 and 2019, respectively.

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

	2020	2019	Increase	
			Amount	%
	(amounts in million Php)			
Data service revenues	32,270	29,887	2,383	8
Corporate data and ICT	16,910	16,005	905	6
Home broadband	15,360	13,882	1,478	11

Corporate Data and ICT

Corporate data services amounted to Php13,877 million for the six months ended June 30, 2020, an increase of Php786 million, or 6%, as compared with Php13,091 million in the same period in 2019, mainly due to the sustained demand for broadband internet and data networking services. Corporate data revenues accounted for 43% and 44% of total data services for the six months ended June 30, 2020 and 2019, respectively.

ICT revenues increased by Php119 million, or 4%, to Php3,033 million for the six months ended June 30, 2020 from Php2,914 million in the same period in 2019 mainly due to higher revenues from Data Centers, Cloud, Cybersecurity and managed IT services. The percentage contribution of this service segment to our total data service revenues accounted for 9% and 10% for the six months ended June 30, 2020 and 2019, respectively.

Home Broadband

Home broadband data revenues amounted to Php15,360 million for the six months ended June 30, 2020, an increase of Php1,478 million, or 11%, from Php13,882 million in the same period in 2019. This growth is driven by increasing demand for broadband services, including fixed wired (PLDT Home Fibr) and fixed wireless (PLDT Home WiFi), which the company is providing through its existing copper network and a nationwide roll-out of its fiber-to-the-home, or FTTH, network. Home broadband revenues accounted for 48% and 46% of total data service revenues for the six months ended June 30, 2020 and 2019, respectively. PLDT's FTTH nationwide network roll-out has reached 7.8 million homes passed as of June 30, 2020.

Voice Services

Revenues from our voice services increased by Php210 million, or 2%, to Php13,319 million for the six months ended June 30, 2020 from Php13,109 million in the same period in 2019, primarily due to higher revenues from international services of PLDT Global, partly offset by lower revenues from domestic and local exchange services. The decline in domestic and local exchange services was partly due to the continued popularity of services such as Skype, Viber, Line, Facebook Messenger, Google Talk and WhatsApp, offering free OTT calling services, and other similar services, as well as subscribers' shift to mobile services. The percentage contribution of voice service revenues to our fixed line service revenues accounted for 29% and 30% for the six months ended June 30, 2020 and 2019, respectively.

Miscellaneous Services

Miscellaneous service revenues are derived mostly from rentals and management fees. These service revenues decreased by Php26 million, or 7%, to Php362 million for the six months ended June 30, 2020 from Php388 million in the same period in 2019. The percentage contribution of miscellaneous service revenues to our total fixed line service revenues accounted for 1% in each of the six months ended June 30, 2020 and 2019.

Non-service Revenues

Non-service revenues decreased by Php301 million, or 36%, to Php532 million for the six months ended June 30, 2020 from Php833 million in the same period in 2019, primarily due to lower sale of hardware, Telpad units, and computer bundles, partially offset by higher sale of Prepaid Home WiFi and managed ICT equipment.

Expenses

Expenses related to our Fixed Line business segment totaled Php37,404 million for the six months ended June 30, 2020, an increase of Php1,527 million, or 4%, as compared with Php35,877 million in the same period in 2019. The increase was primarily due to higher interconnection costs, selling, general and administrative expenses, depreciation and amortization, and provisions, partly offset by lower expenses related to cost of sales and services, and asset impairment. As a percentage of our total fixed line revenues, expenses associated with our Fixed Line business segment accounted for 80% and 81% for the six months ended June 30, 2020 and 2019, respectively.

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

	2020	%	2019	%	Increase (Decrease)	
					Amount	%
	(amounts in million Php)					
Selling, general and administrative expenses	20,321	54	19,822	55	499	3
Depreciation and amortization	8,294	22	8,049	23	245	3
Interconnection costs	4,406	12	3,629	10	777	21
Cost of sales and services	2,244	6	2,334	7	(90)	(4)
Provisions	2,091	6	1,942	5	149	8
Asset impairment	48	—	101	—	(53)	(52)
Total	37,404	100	35,877	100	1,527	4

Selling, general and administrative expenses increased by Php499 million, or 3%, to Php20,321 million primarily due to higher expenses related to repairs and maintenance, and compensation and employee benefits, partly offset by lower expenses related to selling and promotions, professional and other contracted services, communication, training and travel, and taxes and licenses.

Depreciation and amortization charges increased by Php245 million, or 3%, to Php8,294 million mainly on account of higher depreciable asset base.

Interconnection costs increased by Php777 million, or 21%, to Php4,406 million, primarily due to higher international interconnection costs of PLDT Global, partly offset by lower domestic interconnection costs, mainly due to the impact of reduction in interconnection rate for voice services.

Cost of sales and services decreased by Php90 million, or 4%, to Php2,244 million, primarily due to lower cost of services, as well as lower cost of hardware, Telpad units and computer bundles.

Provisions increased by Php149 million, or 8%, to Php2,091 million, primarily due to higher provision for inventory obsolescence.

Asset impairment, consisting mainly of impairment of contract assets, decreased by Php53 million, or 52%, to Php48 million.

Other Income (Expenses) – Net

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

	2020	2019	Change	
			Amount	%
(amounts in million Php)				
Other Income (Expenses) – Net:				
Financing costs – net	(2,713)	(2,505)	(208)	(8)
Losses on derivative financial instruments – net	(84)	(216)	132	61
Equity share in net earnings of associates	100	139	(39)	(28)
Interest income	272	388	(116)	(30)
Foreign exchange gains – net	300	277	23	8
Other income – net	1,908	1,290	618	48
Total	(217)	(627)	410	65

Our Fixed Line business segment's other expenses amounted to Php217 million for the six months ended June 30, 2020, a decrease of Php410 million, or 65%, from Php627 million in the same period in 2019, primarily due to the combined effects of the following: (i) higher other income – net by Php618 million mainly due to higher miscellaneous income; (ii) lower net losses on derivative financial instruments by Php132 million; (iii) higher net foreign exchange gains by Php23 million; (iv) lower equity share in net earnings of associates by Php39 million; (v) lower interest income by Php116 million; and (vi) higher net financing costs by Php208 million mainly due to higher interest expense on loans resulting from higher outstanding loan balance, partially offset by higher capitalized interest and lower accretion on lease liabilities.

Provision for Income Tax

Provision for income tax amounted to Php2,403 million for the six months ended June 30, 2020, an increase of Php72 million, or 3%, from Php2,331 million in the same period in 2019, primarily due to higher taxable income.

Net Income

As a result of the foregoing, our Fixed Line business segment registered a net income of Php6,459 million for the six months ended June 30, 2020, an increase of Php1,077 million, or 20%, as compared with Php5,382 million in the same period in 2019.

EBITDA

Our Fixed Line business segment's EBITDA increased by Php984 million, or 6%, to Php17,373 million for the six months ended June 30, 2020 from Php16,389 million in the same period in 2019. EBITDA margin remained at 38% for each of the six months ended June 30, 2020 and 2019.

Core Income

Our Fixed Line business segment's core income increased by Php702 million, or 13%, to Php6,163 million for the six months ended June 30, 2020 from Php5,461 million in the same period in 2019, primarily due to higher EBITDA, partially offset by higher depreciation and amortization, and net financing costs.

Others

Revenues

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

Expenses

Expenses related to our Other business segment decreased by Php2 million, or 20%, to Php8 million for the six months ended June 30, 2020 from Php10 million in the same period in 2019.

Other Income (Expenses) – Net

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

	2020	2019	Change	
			Amount	%
			(amounts in million Php)	
Other Income (Expenses) – Net:				
Equity share in net losses of associates and joint ventures	(1,128)	(845)	(283)	(33)
Financing costs – net	–	(31)	31	100
Foreign exchange gains (losses) – net	45	(91)	136	149
Interest income	77	249	(172)	(69)
Other income (expenses) – net	(991)	256	(1,247)	(487)
Total	(1,997)	(462)	(1,535)	(332)

Our Other business segment’s other expenses amounted to Php1,997 million for the six months ended June 30, 2020, an increase of Php1,535 million from Php462 million in the same period in 2019, primarily due to the combined effects of the following: (i) other expenses – net of Php991 million in 2020 as against other income – net of Php256 million in 2019 mainly due to impairment of iflix investment, and losses on fair value in 2020 as against gains on fair value in 2019 of Rocket Internet investment; (ii) higher equity share in net losses of associates and joint ventures by Php283 million mainly due to higher equity share in net losses of VIH; (iii) lower interest income by Php172 million mainly due to lower outstanding balance of receivables from Metro Pacific Investments Corporation, or MPIC; (iv) lower net financing costs by Php31 million; and (v) net foreign exchange gains of Php45 million in 2020 as against net foreign exchange losses of Php91 million in 2019.

Net Income (Loss)

As a result of the foregoing, our Other business segment registered a net loss of Php1,788 million for the six months ended June 30, 2020, an increase of Php1,523 million from Php265 million in the same period in 2019.

Core Income (Loss)

Our Other business segment’s core loss increased by Php647 million to Php913 million for the six months ended June 30, 2020 from Php266 million in the same period in 2019.

Liquidity and Capital Resources

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

	Six months ended June 30,	
	2020	2019
	(amounts in million Php)	
Cash Flows		
Net cash flows provided by operating activities	33,890	35,828
Net cash flows used in investing activities	(39,578)	(37,135)
<i>Payment for purchase of property and equipment, including capitalized interest</i>	<i>(41,046)</i>	<i>(40,961)</i>
Net cash flows provided by (used in) financing activities	27,396	(17,517)
Net increase (decrease) in cash and cash equivalents	21,402	(19,553)

	June 30, 2020	December 31, 2019
	(amounts in million Php)	
Capitalization		
Long-term portion of interest-bearing financial liabilities – net of current portion:		
Long-term debt	199,729	172,834
Current portion of interest-bearing financial liabilities:		
Long-term debt maturing within one year	35,571	19,722
Total interest-bearing financial liabilities	235,300	192,556
Total equity attributable to equity holders of PLDT	114,902	111,987
	350,202	304,543
Other Selected Financial Data		
Total assets	557,692	525,027
Property and equipment	245,064	232,134
Cash and cash equivalents	45,771	24,369
Short-term investments	1,722	314

Our consolidated cash and cash equivalents and short-term investments totaled Php47,493 million as at June 30, 2020. Principal sources of consolidated cash and cash equivalents for the six months ended June 30, 2020 were proceeds from availment of long-term and short-term debt of Php47,541 million and Php10,000 million, respectively, cash flows from operating activities amounting to Php33,890 million, proceeds from maturity of short-term investments of Php2,940 million, collection of MPIC receivables of Php2,826 million and interest received of Php742 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php41,046 million; (2) payment of short-term debt of Php10,000 million; (3) cash dividend payments of Php8,448 million; (4) debt principal and interest payments of Php3,733 million and Php4,086 million, respectively; (5) payment for purchase of short-term investments of Php4,943 million; and (6) settlement of obligations under lease liabilities of Php3,018 million.

Our consolidated cash and cash equivalents and short-term investments totaled Php32,129 million as at June 30, 2019. Principal sources of consolidated cash and cash equivalents for the six months ended June 30, 2019 were cash flows from operating activities amounting to Php35,828 million, proceeds from availment of long-term debt of Php6,000 million, collection of MPIC receivables of Php1,771 million, net proceeds from maturity of short-term investments of Php1,138 million, interest received of Php1,065 million and proceeds from disposal of Rocket Internet shares of Php681 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php40,961 million; (2) debt principal and interest payments of Php8,921 million and Php3,529 million, respectively; (3) cash dividend payments of Php7,796 million; and (4) settlement of obligations under lease liabilities of Php3,147 million.

Operating Activities

Our consolidated net cash flows provided by operating activities decreased by Php1,938 million, or 5%, to Php33,890 million for the six months ended June 30, 2020 from Php35,828 million in the same period in 2019, primarily due to lower level of collection of receivables, and higher level of settlement of accounts payable, accrued expense and other current liabilities, partially offset by lower prepayments, higher operating income, and lower pension contribution.

Cash flows provided by operating activities of our Wireless business segment increased by Php4,552 million, or 21%, to Php25,759 million for the six months ended June 30, 2020 from Php21,207 million in the same period in 2019, primarily due to lower prepayments and higher operating income, partially offset by lower level of collection of receivables and higher level of settlement of other noncurrent liabilities. Cash flows provided by operating activities of our Fixed Line business segment decreased by Php7,119 million, or 48%, to Php7,841 million for the six months ended June 30, 2020 from Php14,960 million in the same period in 2019 primarily due to lower level of collection of receivables and higher level of settlement of accounts payable, and accrued expense and other current liabilities, partially offset by lower prepayments, higher operating income, lower pension contribution and lower level of settlement of other noncurrent liabilities. Cash flows used in operating activities of our Other business segment decreased by Php360 million, or 69%, to Php161 million for the six months ended June 30, 2020 from Php521 million in the same period in 2019, primarily due to higher level of collection of receivables, partially offset by higher level of settlement of accounts payables and accrued expenses and other current liabilities.

Investing Activities

Consolidated net cash flows used in investing activities amounted to Php39,578 million for the six months ended June 30, 2020, an increase of Php2,443 million, or 7%, from Php37,135 million in the same period in 2019, primarily due to the combined effects of the following: (1) net payment for purchase of short-term investment of Php2,003 million in 2020 as against net proceeds from maturity of short-term investments of Php1,138 million in 2019; (2) net payment for purchase of investment in debt securities of Php498 million in 2020; (3) lower interest received by Php323 million; (4) higher payment for purchase of property and equipment, including capitalized interest, by Php85 million; (5) higher dividends received by Php314 million; and (6) higher level of collection of MPIC receivables by Php1,055 million.

Our consolidated payment for purchase of property and equipment, including capitalized interest, for the six months ended June 30, 2020 totaled Php41,046 million, an increase of Php85 million as compared with Php40,961 million in the same period in 2019. Smart's capital spending decreased by Php5,115 million, or 18%, to Php22,746 million for the six months ended June 30, 2020 from Php27,861 million in the same period in 2019. Smart's capex spending was primarily focused on expansion of LTE (4G) coverage and capacity. PLDT's capital spending increased by Php5,469 million, or 44%, to Php17,845 million for the six months ended June 30, 2020 from Php12,376 million in the same period in 2019. PLDT's capex spending was used to finance the fixed line modernization program and the continuous facility roll-out and expansion of our domestic and international fiber optic network. The balance represents other subsidiaries' capital spending.

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

Financing Activities

On a consolidated basis, cash flows provided by financing activities amounted to Php27,396 million for the six months ended June 30, 2020, as against cash flows used in financing activities of Php17,517 million in the same period in 2019, primarily due to the combined effects of the following: (1) higher proceeds from availment of long-term debt by Php41,541 million; (2) lower payments of long-term debt by Php5,188 million; (3) lower settlement of obligations under lease liabilities by Php129 million; (4) higher interest paid by Php557 million; (5) higher payment of debt issuance costs by Php631 million; and (6) higher cash dividends paid by Php652 million.

Debt Financing

Proceeds from availment of long-term and short-term debt for the six months ended June 30, 2020 amounted to Php47,541 million and Php10,000 million, respectively, mainly from PLDT's issuance of fixed rate U.S. Dollar notes and PLDT's and Smart's drawings related to refinancing of maturing loan obligations, prepayment of outstanding loans and financing of capital expenditure requirements. Payments of principal and interest on our total debt amounted to Php13,733 million and Php4,086 million, respectively, for the six months ended June 30, 2020.

Our consolidated long-term debt increased by Php42,744 million, or 22%, to Php235,300 million as at June 30, 2020 from Php192,556 million as at December 31, 2019, primarily due to issuance of fixed rate U.S. Dollar notes and drawings from our long-term and short-term facilities, partly offset by debt amortizations and prepayments. As at June 30, 2020, Smart's long-term debt level increased by 2% to Php79,394 million from Php78,152 as at December 31, 2019, and PLDT's long-term debt level increased by 36% to Php155,906 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 June 30, 2020 and 2019, we are in compliance with all of our debt covenants.

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

Financing Requirements

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

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

Class	Date			Amount	
	Approved ⁽¹⁾	Record	Payable	Per Share	Total
(in million Php, except per share amount)					
2020					
Common					
Regular Dividend	March 5, 2020	March 19, 2020	April 3, 2020	39	8,426
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock ⁽¹⁾	January 28, 2020	February 24, 2020	March 15, 2020	—	12
	May 7, 2020	May 21, 2020	June 15, 2020	—	13
Voting Preferred Stock	March 5, 2020	March 25, 2020	April 15, 2020	—	3
	June 9, 2020	June 24, 2020	July 15, 2020	—	2
Charged to Retained Earnings					8,456
2019					
Common					
Regular Dividend	March 21, 2019	April 4, 2019	April 23, 2019	36	7,778
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock ⁽¹⁾	January 29, 2019	February 22, 2019	March 15, 2019	—	12
	May 9, 2019	May 24, 2019	June 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
Charged to Retained Earnings					7,807

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

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

Class	Date			Amount	
	Approved ⁽¹⁾	Record	Payable	Per Share	Total
(in million Php, except per share amount)					
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock ⁽¹⁾	August 6, 2020	August 20, 2020	September 15, 2020	—	12
Common Stock	August 6, 2020	August 20, 2020	September 4, 2020	38	8,210
Charged to Retained Earnings					8,222

⁽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 Php557,692 million as at June 30, 2020, an increase of Php32,665 million, or 6%, from Php525,027 million as at December 31, 2019, primarily due to higher property and equipment, cash and cash equivalents, and trade receivables and other receivables, and short-term investments.

Our total liabilities amounted to Php438,459 million as at June 30, 2020, an increase of Php29,722 million, or 7%, from Php408,737 million as at December 31, 2019, primarily due to higher interest-bearing financial liabilities, partially offset by lower accounts payable.

Off-Balance Sheet Arrangements

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

Equity Financing

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

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

Consolidated cash dividend payments amounted to Php8,448 million for the six months ended June 30, 2020 as compared with Php7,796 million paid to shareholders in the same period in 2019.

Contractual Obligations and Commercial Commitments

Contractual Obligations

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

Commercial Commitments

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

Quantitative and Qualitative Disclosures about Market Risks

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

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



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

	Fair Values	
	June 30,	December 31,
	2020	2019
	(amounts in million Php)	
Noncurrent Financial Assets		
Debt instruments at amortized cost	495	—
Other financial assets – net of current portion	2,621	1,657
Total noncurrent financial assets	3,116	1,657
Noncurrent Financial Liabilities		
Interest-bearing financial liabilities	204,481	169,965
Customers' deposits	1,634	1,539
Deferred credits and other noncurrent liabilities	1,806	1,953
Total noncurrent financial liabilities	207,921	173,457

The following table sets forth the amount of gains (losses) recognized for the financial assets and liabilities for the six months ended June 30, 2020 and the three months ended March 31, 2020:

	June 30,	March 31,
	2020	2020
	(amounts in million Php)	
Profit and Loss		
Interest income	686	358
Losses on derivative financial instruments – net	(132)	(12)
Accretion on financial liabilities	(63)	(31)
Interest on loans and other related items	(5,026)	(2,407)
Other Comprehensive Income		
Net fair value losses on cash flow hedges – net of tax	(34)	(15)

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 six months ended June 30, 2020 and 2019 were 2.5% and 3.4%, respectively. We expect inflation to stay within the 2% to 4% target range of the BSP.

PART II – OTHER INFORMATION

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

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

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

People

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

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

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

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

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

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

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

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

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

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

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

Network and IT

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

Customer Service

To provide customers with connectivity when they need it the most, we provided zero-rated access to certain government agencies and emergency hotlines, boosted minimum speeds for our PLDT Home subscribers, increased data allocations for postpaid and prepaid customers, equipped our corporate customers with telecommuting

solutions, suspended disconnections for our postpaid customers, free use of selected business corporations for corporate customers and for our OFWs extended duration of free calls through our Free Bee app. On May 1, 2020, we implemented a six-month installment payment program for the outstanding monthly bills of our postpaid subscribers. Under this payment program, PLDT Home, Smart and Sun consumer postpaid subscribers can settle their unpaid balances as of April 30, 2020 in six equal monthly payments with 0% interest and no penalties.

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

We have taken the following precautionary measures at our stores:

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

U.S. Dollar Global Notes

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

Investment of PLDT Online in iflix

On June 19, 2020, iflix entered into an asset purchase agreement with Tencent group relating to the sale of its major assets including trademark, content, platform and resources for a total consideration of US\$22.5 million. Upon closing of the transaction on June 24, 2020, the remaining assets of iflix are its existing cash, receivables and the right to pursue certain ongoing arbitration proceedings against certain business counterparties which it intends to use for the settlement of its liabilities.

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

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

Partnership With Orange International Carriers (“Orange”)

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

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

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

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

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

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

Amendments to the Articles of Incorporation of PLDT

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

The Amended Articles of Incorporation will be submitted to the Philippine SEC for approval.

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

Effective April 27, 2020, Maratel ceased to operate as a telecommunications service provider, following the expiration of its legislative franchise, Republic Act No. 7970. In order to ensure continued customer service, Maratel will assign its assets and subscribers to PLDT who undertakes to offer its services to Maratel subscribers subject to conditions as may be imposed by the NTC. The NTC did not object to the transfer of Maratel subscribers to PLDT, subject to certain conditions. On November 7, 2019, the PLDT Board of Directors approved the acquisition of Maratel's assets and subscribers for a total consideration of Php442 million. PLDT has committed to provide financial support to discharge Maratel's liabilities as the need arises. This transaction was eliminated in our consolidated financial statements.

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

Smart, Globe and Dito Joint Venture on Mobile Number Portability

In 2019, Smart, along with Globe and Dito entered into an agreement to form a joint venture that will address the requirements of Republic Act No. 11202, or the MNP Act. The newly enacted law allows mobile phone users to

switch networks or change their subscription from prepaid to postpaid or vice versa, without changing their mobile numbers.

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

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

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

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

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

Related Party Transactions

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



ANNEX I – AGING OF ACCOUNTS RECEIVABLE

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

Type of Accounts Receivable	Total	Current	31-60 Days	61-90 Days	Over 91 Days
			(amounts in million Php)		
Retail subscribers	18,482	7,981	3,640	867	5,994
Corporate subscribers	16,430	5,252	3,487	1,576	6,115
Foreign administrations	1,902	952	143	32	775
Domestic carriers	215	13	37	14	151
Dealers, agents and others	6,353	2,359	564	120	3,310
Total	43,382	16,557	7,871	2,609	16,345
Less: Allowance for doubtful accounts	14,341				
Total Receivables - net	29,041				

ANNEX II – FINANCIAL SOUNDNESS INDICATORS

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

	2020	2019
Current Ratio ⁽¹⁾	0.48:1.0	0.37:1.0
Acid Test Ratio ⁽²⁾	0.37:1.0	0.23:1.0
Solvency Ratio ⁽³⁾	0.30:1.0	0.35:1.0
Net Debt to Equity Ratio ⁽⁴⁾	1.63:1.0	1.50:1.0
Net Debt to EBITDA Ratio ⁽⁵⁾	2.25:1.0	2.10:1.0
Total Debt to EBITDA Ratio ⁽⁶⁾	2.82:1.0	2.41:1.0
Asset to Equity Ratio ⁽⁷⁾	4.85:1.0	4.69:1.0
Interest Coverage Ratio ⁽⁸⁾	4.44:1.0	4.63:1.0
Profit Margin ⁽⁹⁾	13%	13%
Return on Assets ⁽¹⁰⁾	4%	5%
Return on Equity ⁽¹¹⁾	20%	20%
EBITDA Margin ⁽¹²⁾	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 period.
- (6) Total Debt to EBITDA ratio is measured as total debt (long-term debt, including current portion) divided by EBITDA for the period.
- (7) Asset to equity ratio is measured as total assets divided by total equity attributable to equity holders of PLDT.
- (8) Interest coverage ratio is measured by EBIT, or earnings before interest and taxes for the period, divided by total financing cost for the period.
- (9) Profit margin is derived by dividing net income for the period with total revenues for the period.
- (10) Return on assets is measured as net income for the period divided by average total assets.
- (11) Return on Equity is measured as net income for the period divided by average total equity attributable to equity holders of PLDT.
- (12) EBITDA margin for the period is measured as EBITDA divided by service revenues for the period. EBITDA for the period is measured as net income for the period excluding depreciation and amortization, amortization of intangible assets, asset impairment on noncurrent assets, financing cost, interest income, equity share in net earnings (losses) of associated and joint ventures, foreign exchange gains (losses) – net, gains (losses) on derivative financial instruments – net, provision for (benefit from) income tax and other income (expenses) – net for the period.



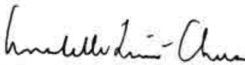
SIGNATURE

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


Registrant: **PLDT Inc.**

Signature and Title: 

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

Signature and Title: 

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

Signature and Title: 

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

Date: August 6, 2020