

1Q2013 CORE NET INCOME UP 4% AT ₱9.6 BILLION
1Q2013 REPORTED NET INCOME AT ₱9.2 BILLION
CONSOLIDATED SERVICE REVENUES STABLE AT ₱40 BILLION
COMBINED CELLULAR SUBSCRIBER BASE AT 71.7 MILLION,
UP 3% FROM YE2012
TOTAL BROADBAND SUBSCRIBERS AT 3.2 MILLION
SALE OF BPO BUSINESSES COMPLETED, NET PROCEEDS AT ABOUT US\$316
MILLION, EXPECTED GAIN OF ₱1.6 BILLION AT 2Q2013

- Consolidated Core Net Income of ₱9.6 billion for 1Q2013, 4% higher than ₱9.3 billion in 1Q2012
- Consolidated Reported Net Income for 1Q2013 at ₱9.2 billion, 8% lower from ₱10 billion in 1Q2012
- Consolidated service revenues stable at ₱40.0 billion
- Consolidated EBITDA margin at 51% of service revenues; consolidated EBITDA stable at ₱20.4 billion
- Consolidated free cash flow at ₱7.1 billion for 1Q2013
- Cellular subscriber base at 71.7 million, net additions of 1.8 million for the quarter
- Total broadband subscribers at 3.2 million; aggregate revenue contribution from broadband and internet services of ₱6.3 billion for 1Q2013, 10% higher than last year
- Sale of BPO businesses completed on 30th April 2013, net proceeds of about US\$316 million; exceptional gain at about ₱1.6 billion in 2Q2013

MANILA, Philippines, 7th May 2013 — Philippine Long Distance Telephone Company (“PLDT” or the “Company”) (PSE: TEL) (NYSE: PHI) today announced its unaudited financial and operating results for the first three (3) months of 2013 with Consolidated Core Net Income, before exceptional items and including discontinued operations, amounting to ₱9.6 billion or 4% higher than the ₱9.2 billion recorded in the first quarter of 2012. The increase was due mainly to stable service revenues and EBITDA as well as lower provision for income taxes.

Reported Net Income, after reflecting exceptional transactions for the period, was down 8% to ₱9.2 billion, from ₱10 billion in the same period in 2012. The decline was a result of the combined impact of higher core income, lower foreign exchange and derivative gains and the retroactive effect of the adoption of revised Philippine Accounting Standard (“PAS”) 19. The revised PAS 19 requires the recognition of termination benefits arising from our manpower reduction programs (“MRP”) only when the Company can no longer withdraw the offer which is upon formal acceptance of the offer letter by the employee. In contrast, the previous version of PAS 19 allows for the recognition of termination benefits when the Company is demonstrably committed to provide termination benefits, which only entails an approved detailed, formal plan and that plan has no realistic possibility of withdrawal. As a result of the revised PAS, PLDT reversed ₱1.3 billion of MRP expenses accrued in the fourth quarter of 2012 and recognized ₱791 million of those expenses in the first quarter of 2013, based on actual offer letters accepted by employees.

EBITDA margin for the period was at 51%, a level similar to the same period last year, but an improvement over the last three quarters of 2012. Similarly, consolidated EBITDA for the first quarter of 2013 was identical with the same period last year. EBITDA excludes the retroactive effect of PAS 19 described above.

Consolidated service revenues for the first three months of 2013 was stable at ₱40.0 billion, reflecting the effect of steady wireless and fixed line revenues. Excluding interconnection costs, consolidated service revenues, as well as wireless and fixed line revenues, were higher by 1% year-on-year.

On 30th April 2013, PLDT concluded the sale of its BPO businesses owned by its wholly-owned subsidiary SPI Global Holdings, Inc. to Asia Outsourcing Gamma Limited (“AOG”), a company controlled by CVC Capital Partners (“CVC”). PLDT has reinvested US\$40 million in AOG for a 19.7% stake in the company, thus enabling PLDT to continue participating in the growth of the BPO industry as a partner of CVC. Net proceeds from the sale are approximately US\$316 million.

Consolidated free cash flow remained robust at ₱7.1 billion – albeit lower by ₱5.0 billion compared with last year due to movements in working capital. Consolidated capital expenditures for the period amounted to ₱3.1 billion as the PLDT Group continues to fortify its network despite having completed its two-year network transformation program ahead of schedule. Capital expenditures are expected to reach ₱29.0 billion for the year, ₱7.4 billion lower than the capex spend for 2012.

The Group’s consolidated net debt stood at US\$1.8 billion as at 31st March 2013. Gross debt amounted to US\$2.8 billion, with the inclusion of Digitel’s debt amounting to US\$0.4 billion. Net debt to EBITDA was at 0.95x. The Company’s debt maturities continue to be well spread out, with over 70% due in and after 2015. The percentage of US dollar-denominated debt to the Group’s total debt portfolio is at 46%. Taking into account our peso borrowings, our hedges and our U. S. dollar cash holdings, only 35% of total debt remains unhedged. The Group’s cash and short-term securities are invested primarily in bank placements and Government securities. PLDT is the first Philippine company to be rated “investment grade” by all three major international ratings agencies. The Company recently received a further ratings upgrade from Fitch Ratings and Standard and Poor’s following the upgrade of the sovereign’s credit ratings.

Subscriber Base

The PLDT Group’s total cellular subscriber base as at 31st March 2013 was 71.7 million subscribers, broken down as follows: Wireless subsidiary Smart Communications, Inc (“Smart”) had 25.4 million subscribers under its mainstream *Smart* brands, while value brand *Talk ‘N Text* ended with 30.6 million subscribers as a result of 2.1 million net additions for the quarter. Digitel had 15.8 million *Sun Cellular* subscribers. The Group’s combined postpaid cellular subscriber base, inclusive of *Sun Cellular*’s 1.3 million postpaid customer count, stood at 2.1 million at the end of the period.

On the other hand, the Group’s combined broadband subscriber base was 3.2 million at the end of the first quarter of 2013. The net additions of 39,000 were offset by the decline in Sun’s

broadband subscriber base as a result of a clean-up of inactive users. *SmartBro*, Smart's wireless broadband service offered through its wholly-owned subsidiary Smart Broadband, Inc., had a wireless broadband subscriber base of about 1.74 million at the end of the period, over 1.2 million of whom were on *SmartBro's* prepaid service. Meanwhile, PLDT's DSL subscribers increased by over 25,000 for the first three months of 2013, bringing the total subscriber base to 854,000, while Digitel had a total of 70,000 DSL subscribers.

For the fixed line businesses of both PLDT and Digitel, the subscriber base remained at 2.1 million at the end of the first quarter of 2013.

Service Revenues

Smart/Sun continues to lead the industry in terms of both revenues and subscribers. Wireless service revenues rose slightly to ₱28.5 billion for the first quarter of 2013, compared with the ₱28.4 billion recognized in the same period last year.

Total broadband and internet revenues for the first quarter of 2013 totaled ₱6.4 billion, a 10% growth rate year-on-year; broadband and internet now account for 16% of total group service revenues. Wireless broadband revenues, exclusive of mobile internet revenues, increased by 1% to ₱2.3 billion, compared with the ₱2.2 billion recorded last year. Moreover, mobile internet usage continues to grow strongly, with mobile internet revenues increasing by 42%, from ₱688 million at the end of the first quarter of 2012 to ₱979 million at the end of the first quarter of 2013. PLDT DSL generated ₱2.9 billion in revenues for the first three months of 2013, up 5% from ₱2.8 billion in the same period in 2012.

"As we await the launch of smartphones in the US\$50 range, we are pleased to note the double digit growth of data-capable phones in our network, with the number of smartphones up 25% from the end of 2012. More importantly, this growth is mirrored by the continuous growth of our mobile internet revenues," said **Orlando B. Vea, Smart Chief Wireless Adviser**.

Fixed line service revenues for the first quarter of 2013 increased to ₱15.2 billion, or 1%, from ₱15.0 billion in 2012. PLDT enterprise data and DSL revenues continued to grow on the back of a 5% increase in DSL revenues and a 2% increase in third party corporate data revenues. On the other hand, the LEC and NLD businesses of PLDT posted revenue declines.

"We are pleased to see our DSL subscriber base nearing the 1 million mark and excited to note our FIBR service beginning to gain traction. Together with the sustained growth of the Enterprise segment, these should help mitigate the continued drag from the decline of our legacy toll businesses such as NLD and the inbound international long distance services," declared **Napoleon L. Nazareno, President and CEO of PLDT and Smart**.

Conclusion

"As we have seen in the past few years, our service revenue levels are challenged by an evolving revenue mix. While voice and SMS revenues were relatively stable, both International and National Long Distance revenues continued their decline, accelerated by the continued

strength of the Peso. Fortunately, we saw a solid 10% growth in our broadband and internet revenues. Overall, we are encouraged that the growth in these data revenues is offsetting the softness in other revenue segments. In addition, EBITDA from continuing operations is up for the first time in quite a while. The first quarter profitability provides a good start towards our achieving core profit guidance for 2013 of ₱38.3 billion, ” **concluded Manuel V. Pangilinan, PLDT Chairman.**

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	PLDT Consolidated		
	Three months ended March 31		
	2013	2012	% Change
	(Unaudited)		
Service revenues	39,968	40,049	0%
Total revenues	40,960	40,845	0%
Expenses	29,229	27,395	7%
Income before income tax	11,731	13,450	-13%
Provision for income tax	2,669	3,671	-27%
Net income - As Reported	9,187	9,960	-8%
Continuing Operations	9,062	9,779	-7%
Discontinued Operations	125	181	-31%
Core net income^(a)	9,580	9,198	4%
Continuing Operations	9,456	9,041	5%
Discontinued Operations	124	157	-21%
EPS (based on Reported Net Income)			
EPS, Basic ^(b)	42.42	46.08	-8%
EPS, Diluted ^(b)	42.42	46.08	-8%
EPS (based on Core Net Income)			
EPS, Basic ^(c)	44.28	42.52	4%
EPS, Diluted ^(c)	44.28	42.52	4%

^(b) Net income as adjusted for the net effect of gain/loss on FX and derivative transactions, additional depreciation charges and recognition of deferred tax assets

^(b) EPS based on reported net income

^(c) EPS based on core net income

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (in million pesos, except par value per share amounts and number of shares)

	As at March 31, 2013	As at December 31, 2012	As at January 1, 2012
	(Unaudited)	(As Adjusted*)	
<u>ASSETS</u>			
Noncurrent Assets			
Property, plant and equipment	195,755	200,078	200,142
Investments in associates and joint ventures and deposit	27,975	27,077	17,865
Available-for-sale financial investments	5,671	5,651	7,181
Investment in debt securities and other long-term investments – net of current portion	355	205	150
Investment properties	712	712	1,115
Goodwill and intangible assets	74,048	74,250	83,303
Deferred income tax assets – net	7,493	7,225	5,117
Prepayments – net of current portion	5,923	4,500	11,697
Advances and other noncurrent assets – net of current portion	1,804	1,376	1,340
Total Noncurrent Assets	319,736	321,074	327,910
Current Assets			
Cash and cash equivalents	39,135	37,161	46,057
Short-term investments	1,587	574	558
Trade and other receivables	16,895	16,379	16,245
Inventories and supplies	2,503	3,467	3,827
Derivative financial assets	–	–	366
Current portion of investment in debt securities and other long-term investments	–	150	358
Current portion of prepayments	5,536	5,144	6,345
Current portion of advances and other noncurrent assets	8,077	8,116	126
	73,733	70,991	73,882
Assets classified as held-for-sale	13,577	13,750	–
Total Current Assets	87,310	84,741	73,882
TOTAL ASSETS	407,046	405,815	401,792
<u>EQUITY AND LIABILITIES</u>			
Equity			
Non-voting serial preferred stock, Php10 par value per share, authorized - 807,500,000 shares; issued and outstanding - 36,002,970 shares as at March 31, 2013 and December 31, 2012 and 441,912,370 shares as at January 1, 2012	360	360	4,419
Voting preferred stock, Php1 par value per share, authorized, issued and outstanding - 150,000,000 shares as at March 31, 2013 and December 31, 2012	150	150	–
Common stock, Php5 par value per share, authorized - 234,000,000 shares; issued - 218,779,886 shares and outstanding - 216,055,775 shares as at March 31, 2013 and December 31, 2012; and issued – 217,160,444 shares and outstanding – 214,436,333 shares as at January 1, 2012	1,093	1,093	1,085
Treasury stock - 2,724,111 shares as at March 31, 2013, December 31, 2012 and January 1, 2012	(6,505)	(6,505)	(6,505)
Capital in excess of par value	130,564	130,566	127,246
Retained earnings	10,381	25,416	26,160
Other comprehensive income	(3,650)	(3,387)	1,456
Reserves of a disposal group classified as held-for-sale	(2,177)	(2,143)	–
Total Equity Attributable to Equity Holders of PLDT	130,216	145,550	153,861
Noncontrolling interests	187	184	386
TOTAL EQUITY	130,403	145,734	154,247

* The December 31, 2012 comparative information was adjusted to reflect the adjustments on the adoption of the Revised PAS 19 – Employee Benefits.

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(continued)* (in million pesos)

	As at March 31, 2013	As at December 31, 2012	As at January 1, 2012
	(Unaudited)	(As Adjusted*)	
Noncurrent Liabilities			
Interest-bearing financial liabilities – net of current portion	99,796	102,821	91,280
Deferred income tax liabilities – net	5,557	5,713	7,078
Derivative financial liabilities	2,688	2,802	2,235
Customers' deposits	2,545	2,529	2,272
Pension and other employee benefits	2,339	1,982	551
Deferred credits and other noncurrent liabilities	20,750	21,950	22,642
Total Noncurrent Liabilities	133,675	137,797	126,058
Current Liabilities			
Accounts payable	26,626	30,451	29,554
Accrued expenses and other current liabilities	70,334	71,624	58,271
Current portion of interest-bearing financial liabilities	12,004	12,989	26,009
Provision for claims and assessments	1,555	1,555	1,555
Dividends payable	25,010	827	2,583
Derivative financial liabilities	853	418	924
Income tax payable	4,346	1,809	2,591
Total Current Liabilities	140,728	119,673	121,487
Liabilities directly associated with assets classified as held-for-sale	2,240	2,611	–
Total Current Liabilities	142,968	122,284	121,487
TOTAL LIABILITIES	276,643	260,081	247,545
TOTAL EQUITY AND LIABILITIES	407,046	405,815	401,792

* The December 31, 2012 comparative information was adjusted to reflect the adjustments on the adoption of the Revised PAS 19 – Employee Benefits.

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS For the Three Months Ended March 31, 2013 and 2012 (in million pesos, except earnings per common share amounts)

	2013	2012
	(Unaudited)	(As Adjusted*)
REVENUES		
Service revenues	39,968	40,030
Non-service revenues	992	796
	40,960	40,826
EXPENSES		
Depreciation and amortization	7,228	7,350
Compensation and employee benefits	5,824	4,778
Repairs and maintenance	3,301	3,189
Interconnection costs	2,577	2,903
Cost of sales	2,411	2,608
Selling and promotions	1,922	1,659
Rent	1,477	1,433
Professional and other contracted services	1,403	1,441
Taxes and licenses	899	971
Asset impairment	602	621
Communication, training and travel	512	503
Insurance and security services	378	370
Amortization of intangible assets	202	27
Other expenses	304	371
	29,040	28,224
	11,920	12,602
OTHER INCOME (EXPENSES)		
Interest income	296	354
Foreign exchange gains – net	213	1,240
Equity share in net earnings of associates and joint ventures	148	274
Gains (losses) on derivative financial instruments – net	23	(134)
Financing costs – net	(1,604)	(1,675)
Other income	735	789
	(189)	848
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	11,731	13,450
PROVISION FOR INCOME TAX	2,669	3,671
NET INCOME FROM CONTINUING OPERATIONS	9,062	9,779
INCOME AFTER TAX FROM DISCONTINUED OPERATIONS	125	181
NET INCOME	9,187	9,960
ATTRIBUTABLE TO:		
Equity holders of PLDT	9,178	9,969
Noncontrolling interests	9	(9)
	9,187	9,960
Earnings Per Share Attributable to Common Equity Holders of PLDT		
Basic	42.42	46.08
Diluted	42.42	46.08
Earnings Per Share for Continuing Operations Attributable to Common Equity Holders of PLDT		
Basic	41.84	45.24
Diluted	41.84	45.24

* The March 31, 2012 comparative information was adjusted to reflect the discontinued operations of the Business Process Outsourcing segment and the adjustments on the adoption of the Revised PAS 19 – Employee Benefits.

This press release may contain some statements which constitute “forward-looking statements” that are subject to a number of risks and uncertainties that could affect PLDT’s business and results of operations. Although PLDT believes that expectations reflected in any forward-looking statements are reasonable, it can give no guarantee of future performance, action or events.

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About PLDT

PLDT is the leading telecommunications provider in the Philippines. Through its principal business groups – fixed line and wireless– PLDT offers a wide range of telecommunications services across the Philippines’ most extensive fiber optic backbone and fixed line, and cellular network.

PLDT is listed on the Philippine Stock Exchange (PSE:TEL) and its American Depositary Shares are listed on the New York Stock Exchange (NYSE:PHI). PLDT has one of the largest market capitalizations among Philippine listed companies.

Further information can be obtained by visiting the web at www.pldt.com