August 4, 2022

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 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, 2022.

Very truly yours,

Marilyn A. Victorio-Aquino
Corporate Secretary

August 4, 2022

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

Attention: Ms. Alexandra D. Tom Wong
OIC - 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, 2022.

Very truly yours,

Marilyn A. Victorio-Aquino
Corporate Secretary

SEC Number PW-55
File Number

PLDT Inc.

(Company's Full Name)

Ramon Cojuangco Building
Makati Avenue, Makati City

(Company's Address)

(632) 82500254

(Telephone Number)

Not Applicable

(Fiscal Year Ending)
(month & day)

SEC Form 17-Q

Form Type

Not Applicable

Amendment Designation (if applicable)

June 30, 2022

Period Ended Date

Not Applicable

(Secondary License Type and File Number)

COVER SHEET

SEC Registration Number
P W - 5 5

Company Name

P L D T I N C .

Principal Office (No./Street/Barangay/City/Town/Province)

R A M O N C O J U A N G C O B U I L D I N G

M A K A T I A V E N U E M A K A T I C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - Q	M S R D	

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
11,481 as at June 30, 2022	**Every 2nd Tuesday in June**	**December 31**

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Gil Samson D. Garcia	**gdgarcia@pldt.com.ph**	**(02) 8816-8056**	

Contact Person's Address
11/F Ramon Cojuangco Bldg. Makati Ave., Makati City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17

OF THE SECURITIES REGULATION CODE ("SRC") AND
SRC 17 (2) (b) THEREUNDER

1. For the quarterly period ended **June 30, 2022**

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

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

4. **PLDT Inc.**
   Exact name of registrant as specified in its charter

5. **Republic of the Philippines**
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. **Ramon Cojuangco Building, Makati Avenue, Makati City** **0721**
   Address of registrant's principal office Postal Code

8. **(632) 8816-8056**
   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, 2022**

11. Are any or all of these securities listed on the Philippine Stock Exchange?

    Yes [**X**] No [ ]

12. Check whether the registrant

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports):

Yes [**X**] No [ ]

(b) has been subject to such filing requirements for the past 90 days.

Yes [**X**] No [ ]

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PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Our consolidated financial statements as at June 30, 2022 (unaudited) and December 31, 2021 (audited) and for the six months ended June 30, 2022 and 2021 (unaudited) and related notes (pages F-1 to F-172) 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 ("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 ("GAAP") in the U.S.

The financial information appearing in this report and in the accompanying unaudited consolidated financial statements are stated in Philippine Peso. Unless otherwise indicated, in this report and in the accompanying unaudited consolidated financial statements, the exchange rate used to convert the U.S. Dollar amounts into the Philippine Peso was Php54.97 to US$1.00, the Philippine Peso-U.S. Dollar exchange rate as quoted through the Bankers Association of the Philippines, as at June 30, 2022.

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, 2022	2021	Increase (Decrease) Amount	%
(in million Php, except for EBITDA margin and earnings per common share)				
Consolidated Income Statement				
Revenues	101,391	95,623	5,768	6
Expenses	97,783	75,999	21,784	29
Other income (expenses) – net	17,957	(2,916)	20,873	716
Income before income tax	21,565	16,708	4,857	29
Net income	16,924	13,068	3,856	30
Core income	15,997	15,323	674	4
Telco core income	17,003	15,212	1,791	12
EBITDA	44,714	46,327	(1,613)	(3)
EBITDA margin[1]	46%	51%	—	—
Reported earnings per common share:				
Basic	77.35	59.67	17.68	30
Diluted	77.35	59.67	17.68	30
Core earnings per common share[2]:				
Basic	73.91	70.78	3.13	4
Diluted	73.91	70.78	3.13	4

	June 30, 2022	December 31, 2021	Increase (Decrease) Amount	%
(in million Php, except for net debt to equity ratio)				
Consolidated Statements of Financial Position				
Total assets	657,346	626,328	31,018	5
Property and equipment	292,135	302,736	(10,601)	(4)
Cash and cash equivalents and short-term investments	45,283	26,148	19,135	73
Total equity attributable to equity holders of PLDT	129,771	123,216	6,555	5
Long-term debt, including current portion	259,201	252,557	6,644	3
Net debt[3] to equity ratio	1.64x	1.83x	—	—

	Six months ended June 30, 2022	2021	Change Amount	%
(in million Php, except for operational data)				
Consolidated Statements of Cash Flows				
Net cash provided by operating activities	37,666	44,124	(6,458)	(15)
Net cash used in investing activities	(16,787)	(56,920)	40,133	71
Payment for purchase of property and equipment, including capitalized interest	*(49,048)*	*(55,139)*	*6,091*	*11*
Net cash used in financing activities	(6,307)	(4,355)	(1,952)	(45)
Operational Data				
Number of mobile subscribers	69,398,133	71,686,129	(2,287,996)	(3)
Prepaid	*67,365,162*	*69,625,148*	*(2,259,986)*	*(3)*
Postpaid	*2,032,971*	*2,060,981*	*(28,010)*	*(1)*
Number of broadband subscribers	4,082,223	3,451,268	630,955	*18*
Fixed Line broadband	*3,200,872*	*2,538,865*	*662,007*	*26*
Fixed Wireless broadband	*881,351*	*912,403*	*(31,052)*	*(3)*
Number of fixed line subscribers	3,821,296	3,245,547	575,749	*18*
Total number of subscribers	77,301,652	78,382,944	(1,081,292)	(1)
Number of employees:	17,620	18,721	(1,101)	(6)
Fixed Line	12,725	13,199	(474)	(4)
LEC	*10,806*	*11,466*	*(660)*	*(6)*
Others	*1,919*	*1,733*	*186*	*11*
Wireless	4,895	5,522	(627)	(11)

(1) *EBITDA margin for the period is measured as EBITDA divided by service revenues.*
(2) *Core earnings per common share ("EPS") for the period is measured as core income divided by the weighted average number of outstanding common shares for the period.*
(3) *Net debt is derived by deducting cash and cash equivalents, short-term investments and debt instruments at amortized cost from total debt (long-term debt, including current portion).*

Exchange Rates – per US$	Month end rates	Weighted average rates during the year
June 30, 2022	54.97	52.15
December 31, 2021	50.97	49.28
June 30, 2021	48.70	48.24
December 31, 2020	48.02	49.63

Performance Indicators

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

EBITDA

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

Meanwhile, telco core income for the period is measured as net income attributable to equity holders of PLDT (net income less net income attributable to noncontrolling interests), excluding foreign exchange gains (losses) – net, gains (losses) on derivative financial instruments – net (excluding hedge costs), asset impairment on noncurrent assets, other non-recurring gains (losses), net of tax effect of aforementioned adjustments, as applicable, and similar adjustments to equity share in net earnings (losses) of associates and joint ventures, adjusted for the effect of the share in Voyager Innovations Holdings, Pte. Ltd. ("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 one of the bases for granting incentives to employees.

Core income and telco core income should not be considered as alternatives to income before income tax or net income determined in accordance with PFRS as an indicator of our performance. Unlike net income, core income and telco core income do not include certain items, among others, foreign exchange gains and losses, gains and losses on derivative financial instruments, impairments on non-current assets and non-recurring gains and losses. We compensate for these limitations by using core income and telco core income as few out of several comparative tools, together with PFRS-based measurements, to assist us in the evaluation of our 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.

As at June 30, 2022, we serve 77.3 million customers through the provision of mobile, fixed line and data services. In addition to the business units discussed below, we have found it beneficial to view our business from a customer-served perspective. Accordingly, we also assign metrics along the following marketing verticals: Home, Individual, Enterprise and International.

Our three business units are as follows:

- *Wireless* — Our wireless business focuses on driving the growth of our data services while managing our legacy business of voice and short messaging services ("SMS"). We generate data revenues across all segments of our wireless business, whether through the access of mobile internet via smartphones, mobile broadband using pocket WiFi or home WiFi using fixed wireless broadband devices. We provide the following mobile telecommunications services through our wireless business: (i) mobile services, (ii) fixed wireless broadband services, and (iii) MVNO and other services.
- *Fixed Line* — We are the leading provider of fixed line telecommunications services throughout the Philippines, servicing retail, corporate and SME clients. Our fixed line business group offers data, voice and miscellaeous services. We also provide other fixed line services such as data center, cloud, cyber security services and managed information technology through PLDT's subsidiary, ePLDT.
- *Others* — Our other business consists primarily of our interests in digital platforms and other technologies, including our interests in VIH and Multisys Technologies Corporation ("Multisys").

Management's Financial Review

In addition to consolidated net income, we use EBITDA, core income and telco core income to assess our operating performance. Set forth below is a reconciliation of our consolidated net income to our consolidated EBITDA, and a reconciliation of our consolidated net income to our consolidated core income and consolidated telco core income for the six months ended June 30, 2022 and 2021.

The following table shows the reconciliation of our consolidated net income to our consolidated EBITDA for the six months ended June 30, 2022 and 2021:

	2022	2021
	(in million Php)	
Consolidated net income	16,924	13,068
Add (deduct) adjustments:		
Depreciation and amortization	40,748	24,354
Financing costs – net	5,424	4,942
Provision for income tax	4,641	3,640
Foreign exchange losses – net	4,282	767
Equity share in net losses (earnings) of associates and joint ventures	1,430	(46)
Other non-recurring expenses	258	—
Amortization of intangible assets	100	2,349
Interest income	(269)	(392)
Gains on derivative financial instruments – net	(2,184)	(141)
Other income – net	(26,640)	(2,214)
Net loss on debt modification	294	—
Gain on dilution of shares	(572)	(827)
Income from prescription of preferred redemption liability	(7,839)	—
Gain on sale and leaseback of telecom towers – gross of expenses	(17,068)	—
Others	(1,455)	(1,387)
Total adjustments	27,790	33,259
Consolidated EBITDA	44,714	46,327

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, 2022 and 2021:

	2022	2021
	(in million Php)	
Consolidated net income	16,924	13,068
Add (deduct) adjustments:		
Accelerated depreciation	16,487	555
Manpower rightsizing program (“MRP”)	4,830	271
Foreign exchange losses – net	4,282	767
Net loss on debt modification, net of amortization of debt discount/premium	383	—
Other non-recurring expenses	258	—
Impairment of investment	50	60
Sun Trademark amortization	—	2,253
Losses from changes in fair value of financial assets at FVPL	—	(7)
Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act impact for prior year deferred taxes	—	(355)
Net income attributable to noncontrolling interests	(183)	(146)
Core income adjustment on equity share in net losses (income) of associates and joint ventures	(216)	13
Gains on derivative financial instruments – net, excluding hedge costs	(2,311)	(259)
Income from prescription of preferred redemption liability	(7,839)	—
Gain on sale and leaseback of telecom towers – net of expenses	(16,537)	—
Net tax effect of aforementioned adjustments	(131)	(897)
Total adjustments	(927)	2,255
Consolidated core income	15,997	15,323
Add (deduct) adjustments:		
Share in VIH losses	1,594	893
VIH gain on dilution, net of tax	(487)	(702)
Gain on asset sales, net of tax	(101)	(302)
Total adjustments	1,006	(111)
Telco core income	17,003	15,212

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, 2022 and 2021. For each of the six months ended June 30, 2022 and 2021, 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
	(in million Php, except for EBITDA margin)				
For the six months ended June 30, 2022					
Revenues	52,012	71,061	–	(21,682)	101,391
Expenses	54,367	64,697	8	(21,289)	97,783
Other income (expenses) – net	13,053	17,105	(810)	(11,391)	17,957
Income (loss) before income tax	10,698	23,469	(818)	(11,784)	21,565
Provision for (benefit from) income tax	2,138	2,449	(78)	132	4,641
Net income (loss)/Segment profit (loss)	8,560	21,020	(740)	(11,916)	16,924
EBITDA	25,640	26,536	(8)	(7,454)	44,714
EBITDA margin[(1)]	53%	37%	–	–	46%
Core income (loss)	3,758	25,341	(1,004)	(12,098)	15,997
Telco core income (loss)	3,758	25,240	103	(12,098)	17,003
For the six months ended June 30, 2021					
Revenues	53,902	54,840	–	(13,119)	95,623
Expenses	44,627	44,493	4	(13,125)	75,999
Other income (expenses) – net	(2,960)	3,844	877	(4,677)	(2,916)
Income (loss) before income tax	6,315	14,191	873	(4,671)	16,708
Provision for (benefit from) income tax	2,062	1,387	(92)	283	3,640
Net income (loss)/Segment profit (loss)	4,253	12,804	965	(4,954)	13,068
EBITDA	30,138	20,534	(4)	(4,341)	46,327
EBITDA margin[(1)]	60%	38%	–	–	51%
Core income (loss)	7,766	12,432	(6)	(4,869)	15,323
Telco core income (loss)	7,766	12,130	185	(4,869)	15,212
Increase (Decrease)					
Revenues	(1,890)	16,221	–	(8,563)	5,768
Expenses	9,740	20,204	4	(8,164)	21,784
Other income (expenses) – net	16,013	13,261	(1,687)	(6,714)	20,873
Income (loss) before income tax	4,383	9,278	(1,691)	(7,113)	4,857
Provision for (benefit from) income tax	76	1,062	14	(151)	1,001
Net income (loss)/Segment profit (loss)	4,307	8,216	(1,705)	(6,962)	3,856
EBITDA	(4,498)	6,002	(4)	(3,113)	(1,613)
Core income (loss)	(4,008)	12,909	(998)	(7,229)	674
Telco core income (loss)	(4,008)	13,110	(82)	(7,229)	1,791

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

On a Consolidated Basis

Revenues

We reported consolidated revenues of Php101,391 million for the six months ended June 30, 2022, an increase of Php5,768 million, or 6%, as compared with Php95,623 million in the same period in 2021, primarily due to higher revenues from data and voice services from our Fixed Line business segment, partially offset by lower revenues from mobile and fixed wireless broadband services in our Wireless business segment.

Our consolidated service revenues of Php97,104 million for the six months ended June 30, 2022, increased by Php5,511 million, or 6%, from Php91,593 million in the same period in 2021. Our consolidated non-service revenues of Php4,287 million for the six months ended June 30, 2022, increased by Php257 million, or 6%, from Php4,030 million in the same period in 2021.

Consolidated service revenues, net of interconnection costs, amounted to Php94,256 million for the six months ended June 30, 2022, an increase of Php4,390 million, or 5%, from Php89,866 million in the same period in 2021.

The following table shows the breakdown of our consolidated revenues by services for the six months ended June 30, 2022 and 2021:

	Wireless	Fixed Line	Inter-segment Transactions	Consolidated
		(in million Php)		
For the six months ended June 30, 2022				
Service Revenues				
Wireless	*47,940*		*(419)*	*47,521*
Mobile	46,781		(360)	46,421
Fixed Wireless broadband	1,100		—	1,100
MVNO and others	59		(59)	—
Fixed Line		*70,846*	*(21,263)*	*49,583*
Voice		22,995	(11,787)	11,208
Data		47,468	(9,331)	38,137
Home broadband		23,557	(17)	23,540
Corporate data and ICT		23,911	(9,314)	14,597
Miscellaneous		383	(145)	238
Total Service Revenues	47,940	70,846	(21,682)	97,104
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	4,072	160	—	4,232
Point-product sales	—	55	—	55
Total Non-Service Revenues	4,072	215	—	4,287
Total Revenues	52,012	71,061	(21,682)	101,391
For the six months ended June 30, 2021				
Service Revenues				
Wireless	*50,057*		*(643)*	*49,414*
Mobile	48,512		(517)	47,995
Fixed Wireless broadband	1,416		—	1,416
MVNO and others	129		(126)	3
Fixed Line		*54,654*	*(12,475)*	*42,179*
Voice		17,241	(7,234)	10,007
Data		36,984	(5,072)	31,912
Home broadband		18,864	(26)	18,838
Corporate data and ICT		18,120	(5,046)	13,074
Miscellaneous		429	(169)	260
Total Service Revenues	50,057	54,654	(13,118)	91,593
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	3,845	172	—	4,017
Point-product sales	—	14	(1)	13
Total Non-Service Revenues	3,845	186	(1)	4,030
Total Revenues	53,902	54,840	(13,119)	95,623

The following table shows the breakdown of our consolidated revenues by business segment for the six months ended June 30, 2022 and 2021:

					Change	
	2022	%	2021	%	Amount	%
			(in million Php, except %)			
Wireless	52,012	51	53,902	56	(1,890)	(4)
Fixed Line	71,061	70	54,840	58	16,221	30
Inter-segment transactions	(21,682)	(21)	(13,119)	(14)	(8,563)	(65)
Consolidated	101,391	100	95,623	100	5,768	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 micro, small and medium enterprises, 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, 2022 and 2021:

	2022	%	2021	%	Change Amount	Change %
	(in million Php, except %)					
Wireless	47,521	47	49,414	52	(1,893)	(4)
Individual	*41,165*	*41*	*43,340*	*45*	*(2,175)*	*(5)*
Enterprise	*5,249*	*5*	*4,614*	*5*	*635*	*14*
International	*1,107*	*1*	*1,460*	*2*	*(353)*	*(24)*
Fixed Line	49,583	49	42,179	44	7,404	18
Individual	*81*	—	*489*	—	*(408)*	*(83)*
Home	*28,081*	*28*	*22,712*	*24*	*5,369*	*24*
Enterprise	*18,184*	*18*	*16,785*	*18*	*1,399*	*8*
International	*3,170*	*3*	*2,155*	*2*	*1,015*	*47*
Others	*67*	—	*38*	—	*29*	*76*
Total Service Revenues	**97,104**	**96**	**91,593**	**96**	**5,511**	**6**
Wireless	4,072	4	3,845	4	227	6
Individual	*3,412*	*3*	*3,116*	*3*	*296*	*9*
Enterprise	*649*	*1*	*721*	*1*	*(72)*	*(10)*
International	*11*	—	*8*	—	*3*	*38*
Fixed Line	215	—	185	—	30	16
Individual	*9*	—	*53*	—	*(44)*	*(83)*
Home	*69*	—	*139*	—	*(70)*	*(50)*
Enterprise	*137*	—	*(7)*	—	*144*	*(2,057)*
Total Non-Service Revenues	**4,287**	**4**	**4,030**	**4**	**257**	**6**
Total Revenues	**101,391**	**100**	**95,623**	**100**	**5,768**	**6**

(1) *Certain amounts for the six months ended June 30, 2021 were reclassifed to conform with the current year presentation.*

Expenses

Consolidated expenses increased by Php21,784 million, or 29%, to Php97,783 million for the six months ended June 30, 2022 from Php75,999 million in the same period in 2021, primarily due to higher depreciation and amortization, interconnection costs, and selling, general and administrative expenses, partially offset by lower provisions in our Fixed Line and Wireless business segments.

The following table shows the breakdown of our consolidated expenses by business segment for the six months ended June 30, 2022 and 2021:

	2022	%	2021	%	Change Amount	Change %
	(in million Php, except %)					
Wireless	54,367	56	44,627	59	9,740	22
Fixed Line	64,697	66	44,493	58	20,204	45
Others	8	—	4	—	4	100
Inter-segment transactions	(21,289)	(22)	(13,125)	(17)	(8,164)	(62)
Consolidated	97,783	100	75,999	100	21,784	29

Other Income (Expenses) – Net

Consolidated other income – net amounted to Php17,957 million for the six months ended June 30, 2022, a change of Php20,873 million, as against consolidated other expenses – net of Php2,916 million in the same period in 2021, primarily due to the combined effects of the following: (i) higher other income – net from our Wireless and Fixed Line business segments; (ii) higher gains on derivative financial instruments from our Fixed Line and Wireless business segments; (iii) higher equity share in net losses from our Other business segment; and (iv) higher foreign exchange losses from our Fixed Line and Wireless 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, 2022 and 2021:

	2022	2021	Change Amount	Change %
	(in million Php, except %)			
Wireless	13,053	(2,960)	16,013	541
Fixed Line	17,105	3,844	13,261	345
Others	(810)	877	(1,687)	(192)
Inter-segment transactions	(11,391)	(4,677)	(6,714)	(144)
Consolidated	17,957	(2,916)	20,873	716

Net Income (Loss)

Consolidated net income increased by Php3,856 million, or 30%, to Php16,924 million for the six months ended June 30, 2022 from Php13,068 million in the same period in 2021, primarily due to higher net income from our Fixed Line and Wireless business segments, partially offset by net loss in 2022 as against net income in the same period in 2021 from our Other business segment. Our consolidated basic and diluted EPS increased to Php77.35 for the six months ended June 30, 2022 from Php59.67 in the same period in 2021. Our weighted average number of outstanding common shares was approximately 216.06 million for each of the six months ended June 30, 2022 and 2021.

The following table shows the breakdown of our consolidated net income (loss) by business segment for the six months ended June 30, 2022 and 2021:

	2022	%	2021	%	Change Amount	Change %
	(in million Php, except %)					
Wireless	8,560	51	4,253	33	4,307	101
Fixed Line	21,020	124	12,804	98	8,216	64
Others	(740)	(4)	965	7	(1,705)	(177)
Inter-segment transactions	(11,916)	(71)	(4,954)	(38)	(6,962)	(141)
Consolidated	16,924	100	13,068	100	3,856	30

EBITDA

Our consolidated EBITDA amounted to Php44,714 million for the six months ended June 30, 2022, a decrease of Php1,613 million, or 3%, as compared with Php46,327 million in the same period in 2021, primarily due to lower EBITDA from our Wireless business segment, partially offset by higher EBITDA from our Fixed Line business segment.

The following table shows the breakdown of our consolidated EBITDA by business segment for the six months ended June 30, 2022 and 2021:

	2022	%	2021	%	Change Amount	Change %
	(in million Php, except %)					
Wireless	25,640	57	30,138	65	(4,498)	(15)
Fixed Line	26,536	60	20,534	44	6,002	29
Others	(8)	—	(4)	—	(4)	(100)
Inter-segment transactions	(7,454)	(17)	(4,341)	(9)	(3,113)	(72)
Consolidated	44,714	100	46,327	100	(1,613)	(3)

Our consolidated EBITDA excluding MRP amounted to Php50,450 million for the six months ended June 30, 2022, an increase of Php3,852 million, or 8%, as compared with Php46,598 million in the same period in 2021. Adjusted for the impact of Typhoon Odette, our consolidated EBITDA excluding MRP would have been Php51,535 million, an increase of Php4,937 million, or 11% from the same period in 2021.

Core Income

Our consolidated core income amounted to Php15,997 million for the six months ended June 30, 2022, an increase of Php674 million, or 4%, as compared with Php15,323 million in the same period in 2021, mainly on account of higher EBITDA excluding MRP, partially offset by higher equity share in net losses of associates and joint ventures, financing costs, and depreciation and amortization. Our consolidated basic and diluted core EPS increased to Php73.91 for the six months ended June 30, 2022 from Php70.78 in the same period in 2021.

The following table shows the breakdown of our consolidated core income by business segment for the six months ended June 30, 2022 and 2021:

	2022	%	2021	%	Change Amount	Change %
			(in million Php, except %)			
Wireless	3,758	24	7,766	51	(4,008)	(52)
Fixed Line	25,341	158	12,432	81	12,909	104
Others	(1,004)	(6)	(6)	—	(998)	(16,633)
Inter-segment transactions	(12,098)	(76)	(4,869)	(32)	(7,229)	(148)
Consolidated	15,997	100	15,323	100	674	4

Telco Core Income

Our consolidated telco core income amounted to Php17,003 million for the six months ended June 30, 2022, an increase of Php1,791 million, or 12%, as compared with Php15,212 million in the same period in 2021, mainly due to higher EBITDA excluding MRP, partially offset by higher provision for income tax, financing costs, and depreciation and amortization. Adjusted for the impact of Typhoon Odette, our consolidated telco core income would have been Php17,950 million, an increase of Php2,738 million, or 18% from the same period in 2021.

The following table shows the breakdown of our consolidated telco core income by business segment for the six months ended June 30, 2022 and 2021:

	2022	%	2021	%	Change Amount	Change %
			(in million Php, except %)			
Wireless	3,758	22	7,766	51	(4,008)	(52)
Fixed Line	25,240	148	12,130	80	13,110	108
Others	103	1	185	1	(82)	(44)
Inter-segment transactions	(12,098)	(71)	(4,869)	(32)	(7,229)	(148)
Consolidated	17,003	100	15,212	100	1,791	12

On a Business Segment Basis

Wireless

Revenues

We generated revenues of Php52,012 million from our Wireless business segment for the six months ended June 30, 2022, a decrease of Php1,890 million, or 4%, from Php53,902 million in the same period in 2021.

The following table summarizes our total revenues by service from our Wireless business segment for the six months ended June 30, 2022 and 2021:

	2022	%	2021	%	Increase (Decrease) Amount	Increase (Decrease) %
			(in million Php, except %)			
Service Revenues:						
Mobile	46,781	90	48,512	90	(1,731)	(4)
Fixed Wireless broadband	1,100	2	1,416	3	(316)	(22)
MVNO and others[(1)]	59	—	129	—	(70)	(54)
Total Wireless Service Revenues	47,940	92	50,057	93	(2,117)	(4)
Non-Service Revenues:						
Sale of mobile handsets and broadband data modems	4,072	8	3,845	7	227	6
Total Wireless Revenues	52,012	100	53,902	100	(1,890)	(4)

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

Service Revenues

Our wireless service revenues decreased by Php2,117 million, or 4%, to Php47,940 million for the six months ended June 30, 2022 as compared with Php50,057 million in the same period in 2021, primarily due to lower revenues from mobile, fixed wireless broadband, and MVNO and other services. As a percentage of our total wireless revenues, service revenues accounted for 92% and 93% for the six months ended June 30, 2022 and 2021, respectively.

Wireless service revenues, net of interconnection costs, amounted to Php47,506 million for the six months ended June 30, 2022, a decrease of Php2,237 million, or 4%, from Php49,743 million in the same period in 2021.

Mobile Services

Our mobile service revenues amounted to Php46,781 million for the six months ended June 30, 2022, a decrease of Php1,731 million, or 4%, from Php48,512 million in the same period in 2021. Mobile service revenues accounted for 98% and 97% of our wireless service revenues for the six months ended June 30, 2022 and 2021, respectively.

The following table shows the breakdown of our mobile service revenues for the six months ended June 30, 2022 and 2021:

					Increase (Decrease)	
	2022	**%**	**2021**	**%**	**Amount**	**%**
			(in million Php, except %)			
Mobile Services:						
Data	35,811	77	35,144	72	667	2
Voice	7,443	16	9,328	19	(1,885)	(20)
SMS	2,936	6	3,157	7	(221)	(7)
Inbound roaming and others[(1)]	591	1	883	2	(292)	(33)
Total	46,781	100	48,512	100	(1,731)	(4)

[(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 Php667 million, or 2%, to Php35,811 million for the six months ended June 30, 2022 from Php35,144 million in the same period in 2021 due to higher mobile internet revenues driven mainly by the continued increase in demand for mobile data connectivity brought about by the increased mobility due to lifting of pandemic-related restrictions, and the launch of new mobile data offers, such as the Free Tiktok products, as well as higher mobile broadband revenues, partially offset by a decrease in VAS-related data revenues.

Data services accounted for 77% and 72% of our mobile service revenues for the six months ended June 30, 2022 and 2021, respectively.

The following table shows the breakdown of our mobile data service revenues for the six months ended June 30, 2022 and 2021:

					Increase (Decrease)	
	2022	**%**	**2021**	**%**	**Amount**	**%**
			(in million Php, except %)			
Data Services:						
Mobile internet[(1)]	33,539	94	33,121	94	418	1
Mobile broadband	1,771	5	1,409	4	362	26
Other data	501	1	614	2	(113)	(18)
Total	35,811	100	35,144	100	667	2

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

Mobile Internet

Mobile internet service revenues increased by Php418 million, or 1%, to Php33,539 million for the six months ended June 30, 2022 from Php33,121 million in the same period in 2021, primarily due to the increase in mobility and election-related activities, as well as the new product offerings, such as the Free Tiktok for All, Giga Power, Pantawid Load, and the continued promotion of Smart Postpaid's Unli 5G plans.

Smart continues to drive GigaLife App, through exclusive offerings such as Unli 5G, via Gigapoints. Smart also has GigaPlay App, which provides its subscribers exclusive video access to Kpop content, international music festivals, live sports streaming such as PBA, PVL and NBA TV Philippines channel, as well as pay-per-view ("PPV") digital movie. In addition, Smart recently launched the *Giga Arena*, an online arcade and e-Sport tournament platform exclusively available to Smart subscribers to cater to subscribers' gaming demands.

Mobile internet services accounted for 72% and 68% of our mobile service revenues for the six months ended June 30, 2022 and 2021, respectively.

Mobile Broadband

Mobile broadband revenues amounted to Php1,771 million for the six months ended June 30, 2022, an increase of Php362 million, or 26%, from Php1,409 million in the same period in 2021, primarily due to higher mobile broadband subscriber base.

In August 2021, Smart launched the Smart Bro Rocket SIM aimed at the heavy wireless broadband users. Smart Bro Rocket SIM provides unlimited data valid for 30 days at an introductory price of Php499. Smart increased the price of its Smart Bro UnliData from Php499 to Php599, which generated higher revenues for our mobile broadband service. Mobile broadband services accounted for 4% and 3% of our mobile service revenues for the six months ended June 30, 2022 and 2021, respectively.

Other Data

Revenues from our other data services, which include value-added services ("VAS") and domestic leased lines, decreased by Php113 million, or 18%, to Php501 million for the six months ended June 30, 2022 from Php614 million in the same period in 2021. The decrease was primarily due to lower revenues from VAS via direct carrier billing, driven by the game publishers' shift to digital payment solutions.

Voice Services

Mobile revenues from our voice services, which include all voice traffic, decreased by Php1,885 million, or 20%, to Php7,443 million for the six months ended June 30, 2022 from Php9,328 million in the same period in 2021, due to subscribers' shift to alternative calling options, digital teleconferencing solutions, and other OTT services. In view of these new digital solutions and to improve its voice service, Smart has been provisioning its mobile users for Voice over LTE ("VoLTE") and Voice over Wifi ("VoWiFi") services which routes the voice calls through digital channels. VoLTE and VoWifi offer better voice quality. Mobile voice services accounted for 16% and 19% of our mobile service revenues for the six months ended June 30, 2022 and 2021, respectively.

Domestic voice service revenues decreased by Php1,461 million, or 18%, to Php6,761 million for the six months ended June 30, 2022 from Php8,222 million in the same period in 2021, mainly due to lower traffic from domestic outbound voice services.

International voice service revenues decreased by Php424 million, or 38%, to Php682 million for the six months ended June 30, 2022 from Php1,106 million in the same period in 2021 resulting from the declining trend of international inbound voice traffic due to subscribers' shift to application-based form of communications and other OTT services.

SMS Services

Mobile revenues from our SMS services, which include all SMS-related services, decreased by Php221 million, or 7%, to Php2,936 million for the six months ended June 30, 2022 from Php3,157 million in the same period in 2021, mainly due to the decline in SMS volumes arising from the increased adoption of alternative messaging solutions, such as OTT services, social media, and messenger application, partially offset by the increase in Application-to-Person ("A2P") service revenues. Mobile SMS services accounted for 6% and 7% of our mobile service revenues for the six months ended June 30, 2022 and 2021, respectively.

Inbound Roaming and Others

Mobile revenues from inbound roaming and other services decreased by Php292 million, or 33%, to Php591 million for the six months ended June 30, 2022 from Php883 million in the same period in 2021, mainly due to lower facility service fees related to fixed wireless business and lower revenues from other subscriber-related income, partially offset by higher revenues from inbound roaming services.

The following table shows the breakdown of our mobile service revenues by service type for the six months ended June 30, 2022 and 2021:

			Increase (Decrease)	
	2022	**2021**	**Amount**	**%**
		(in million Php, except %)		
Mobile service revenues	46,781	48,512	(1,731)	(4)
By service type				
Prepaid	37,189	38,455	(1,266)	(3)
Postpaid	9,001	9,174	(173)	(2)
Inbound roaming and others	591	883	(292)	(33)

Prepaid Mobile Revenues

Revenues generated from our mobile prepaid services amounted to Php37,189 million for the six months ended June 30, 2022, a decrease of Php1,266 million, or 3%, as compared with Php38,455 million in the same period in 2021. Mobile prepaid service revenues accounted for 80% and 79% of mobile service revenues for the six months ended June 30, 2022 and 2021, respectively. The decrease in revenues from our mobile prepaid services was attributed to lower subscriber base brought about by increased competition, lower top-up frequency due to the economizing behavior of subscribers on account of higher inflation, and the availability of home wifi.

Postpaid Mobile Revenues

Revenues generated from our mobile postpaid services amounted to Php9,001 million for the six months ended June 30, 2022, a decrease of Php173 million, or 2%, as compared with Php9,174 million in the same period in 2021, primarily due to a decline in the postpaid subscriber base. Mobile postpaid service revenues accounted for 19% of mobile service revenues for each of the six months ended June 30, 2022 and 2021.

In April 2022, we implemented the rebranding of Individual Sun Postpaid into Smart Postpaid. Sun subscribers retained their existing Sun numbers, SIM and plan inclusions while enjoying the services and perks of a Smart subscriber such as Smart 5G, access to GigaLife App, Smart notifications and billing and other Smart add-ons and features. The subscribers may also avail the Signature plan which provides the subscribers with a better experience, access to the fastest mobile network, better plan packages and the latest devices.

Subscriber Base, ARPU and Churn Rates

The following table shows our mobile subscriber base as at June 30, 2022 and 2021:

			Increase (Decrease)	
	2022	**2021**	**Amount**	**%**
Mobile subscriber base				
Smart[(1)]	27,641,951	28,349,998	(708,047)	(2)
Prepaid	*25,679,480*	*26,915,884*	*(1,236,404)*	*(5)*
Postpaid	*1,962,471*	*1,434,114*	*528,357*	*37*
TNT	41,685,682	42,709,264	(1,023,582)	(2)
Sun Postpaid[(1,2)]	70,500	626,867	(556,367)	(89)
Total mobile subscribers	69,398,133	71,686,129	(2,287,996)	*(3)*

(1) *Includes mobile broadband subscribers.*
(2) *Beginning April 2022, Individual Sun Postpaid was rebranded as Smart Postpaid.*

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

The average monthly churn rates for Smart Prepaid subscribers were 4.6% and 5.3% for the six months ended June 30, 2022 and 2021, respectively, while the average monthly churn rates for TNT subscribers were 4.4% and 4.1% for the six months ended June 30, 2022 and 2021, respectively.

The average monthly churn rates for Smart Postpaid subscribers were 1.3% and 2.0% for the six months ended June 30, 2022 and 2021, respectively. The average monthly churn rates for Sun Postpaid subscribers were 2.9% and 2.2% for the six months ended June 30, 2022 and 2021, respectively.

The following table summarizes our average monthly ARPUs for the six months ended June 30, 2022 and 2021:

	Gross[(1)]		Increase (Decrease)		Net[(2)]		Increase (Decrease)	
	2022	2021	Amount	%	2022	2021	Amount	%
	(in Php, except %)							
Prepaid								
Smart	*119*	*123*	*(4)*	*(3)*	*102*	*104*	*(2)*	*(2)*
TNT	*97*	*98*	*(1)*	*(1)*	*84*	*84*	*—*	*—*
Postpaid								
Smart	*794*	*856*	*(62)*	*(7)*	*755*	*821*	*(66)*	*(8)*
Sun	*621*	*410*	*211*	*51*	*621*	*397*	*224*	*56*

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

Fixed Wireless Broadband

Revenues from our Fixed Wireless Broadband services amounted to Php1,100 million for the six months ended June 30, 2022, a decrease of Php316 million, or 22%, from Php1,416 million in the same period in 2021 primarily due to shift in customer demand from wireless broadband to home fiber.

In December 2021, Smart lauched the first prepaid 5G Home Router. Smart Bro Home WiFi 5G is a plug-and-play device that can connect up to 10 Wifi-enabled devices with a fiber-like speed of Smart 5G.

In February 2022, Smart launched *UnliFam 999* which provides unlimited data for family sharing and home WiFi users valid for 30 days.

MVNO and Others

Revenues from our MVNO and other services amounted to Php59 million for the six months ended June 30, 2022, a decrease of Php70 million, or 54%, from Php129 million in the same period in 2021.

Non-Service Revenues

Our wireless non-service revenues consist of sale of mobile handsets, broadband data routers, tablets and accessories. Our wireless non-service revenues increased by Php227 million, or 6%, to Php4,072 million for the six months ended June 30, 2022 from Php3,845 million in the same period in 2021, primarily due to a higher revenue per unit for mobile handsets and routers.

Expenses

Expenses associated with our Wireless business segment amounted to Php54,367 million for the six months ended June 30, 2022, an increase of Php9,740 million, or 22%, from Php44,627 million in the same period in 2021. The increase was attributable to higher expenses related to depreciation and amortization, cost of sales and services, interconnection costs, selling, general and administrative, and asset impairment, partially offset by lower provisions.

As a percentage of our total wireless revenues, expenses associated with our Wireless business segment accounted for 105% and 83% for the six months ended June 30, 2022 and 2021, respectively.

The following table summarizes the breakdown of our total wireless-related expenses for the six months ended June 30, 2022 and 2021 and the percentage of each expense item in relation to the total:

					Increase (Decrease)	
	2022	%	2021	%	Amount	%
	(in million Php, except %)					
Depreciation and amortization	27,762	51	18,514	42	9,248	50
Selling, general and administrative expenses	19,711	36	19,605	44	106	1
Cost of sales and services	5,609	10	5,061	11	548	11
Provisions	663	1	976	2	(313)	(32)
Interconnection costs	434	1	314	1	120	38
Asset impairment	188	1	157	—	31	20
Total	54,367	100	44,627	100	9,740	22

Depreciation and amortization charges increased by Php9,248 million, or 50%, to Php27,762 million, mainly on account of higher depreciation due to shortened life of 3G techonology-related equipment resulting from the migration to faster speed LTE and 5G technologies, combined with higher depreciation of right-of-use asset.

Selling, general and administrative expenses increased by Php106 million, or 1%, to Php19,711 million, primarily due to higher expenses related to repairs and maintenance, rent, professional and contracted services, taxes and licenses, compensation and employee benefits, and communication, training and travel, partly offset by lower expenses related to amortization of intangibles, mainly on account of Sun trademark amortization in 2021, as well as lower selling and promotions expenses.

Cost of sales and services increased by Php548 million, or 11%, to Php5,609 million, primarily due to a higher average cost per unit for mobile handsets and routers, and higher cost of content and services.

Provisions decreased by Php313 million, or 32%, to Php663 million, primarily due to lower provision for expected credit losses, partly offset by higher provision for inventory obsolescence.

Interconnection costs increased by Php120 million, or 38%, to Php434 million, primarily due to higher interconnection costs on A2P transactions and international voice services.

Asset impairment, increased by Php31 million, or 20%, to Php188 million primarily due to impairment charges on certain network equipment damaged by Typhoon Odette, partly offset by lower contract asset impairment.

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, 2022 and 2021:

			Change	
	2022	2021	Amount	%
	(in million Php, except %)			
Other Income (Expenses) – Net:				
Gains on derivative financial instruments – net	852	70	782	1,117
Interest income	184	206	(22)	(11)
Foreign exchange losses – net	(1,900)	(355)	(1,545)	(435)
Financing costs – net	(4,501)	(3,449)	(1,052)	(31)
Other income – net	18,418	568	17,850	3,143
Total	13,053	(2,960)	16,013	541

Our Wireless business segment's other income – net amounted to Php13,053 million for the six months ended June 30, 2022, a change of Php16,013 million from other expenses – net of Php2,960 million in the same period in 2021, primarily due to the combined effects of the following: (i) higher other income – net by Php17,850 million mainly due to the Php17,068 million gain on sale and leaseback of 3,012 telecom towers, representing the first closing of tower sale and leaseback agreements and to the Php376 million gain on derecognition of asset retirement obligation related to the telecom towers sale ; (ii) higher net gains on derivative financial instruments by Php782 million primarily due to the higher depreciation of the Philippine peso relative to the U.S. dollar in 2022 as compared with the same period in 2021; (iii) lower interest income by Php22 million; (iv) higher net financing costs by Php1,052 million mainly due to higher accretion on lease liabilities; and (v) higher net foreign exchange losses by Php1,545 million mainly on account of revaluation of net foreign currency-denominated liabilities due to the higher depreciation of the Philippine peso relative to the U.S. dollar in 2022 as compared with the same period in 2021.

Provision for Income Tax

Provision for income tax amounted to Php2,138 million for the six months ended June 30, 2022, an increase of Php76 million, or 4%, from Php2,062 million in the same period in 2021, mainly due to higher taxable income, partially offset by the net unfavorable impact of CREATE adjustments for prior year deferred tax assets booked in the first quarter of 2021.

Net Income

As a result of the foregoing, our Wireless business segment's net income increased by Php4,307 million, or 101%, to Php8,560 million for the six months ended June 30, 2022 from Php4,253 million in the same period in 2021.

EBITDA

Our Wireless business segment's EBITDA decreased by Php4,498 million, or 15%, to Php25,640 million for the six months ended June 30, 2022 from Php30,138 million in the same period in 2021. EBITDA margin decreased to 53% for the six months ended June 30, 2022 from 60% in the same period in 2021.

Core Income

Our Wireless business segment's core income decreased by Php4,008 million, or 52%, to Php3,758 million for the six months ended June 30, 2022 from Php7,766 million in the same period in 2021, mainly on account of lower EBITDA excluding MRP, higher depreciation and amortization and financing costs, partially offset by higher other miscellaneous income.

<u>Fixed Line</u>

Revenues

Revenues generated from our Fixed Line business segment amounted to Php71,061 million for the six months ended June 30, 2022, an increase of Php16,221 million, or 30%, from Php54,840 million in the same period in 2021.

The following table summarizes our total revenues by service from our Fixed Line business segment for the six months ended June 30, 2022 and 2021:

					Increase (Decrease)	
	2022	**%**	**2021**	**%**	**Amount**	**%**
			(in million Php, except %)			
Service Revenues:						
Data	47,468	67	36,984	68	10,484	28
Voice	22,995	32	17,241	31	5,754	33
Miscellaneous	383	1	429	1	(46)	(11)
	70,846	100	54,654	100	16,192	30
Non-Service Revenues:						
Sale of computers, phone units and point-product sales	215	—	186	—	29	16
Total Fixed Line Revenues	71,061	100	54,840	100	16,221	30

Service Revenues

Our fixed line service revenues increased by Php16,192 million, or 30%, to Php70,846 million for the six months ended June 30, 2022 from Php54,654 million in the same period in 2021, primarily due to higher revenues from our data and voice services.

Fixed Line service revenues, net of interconnection costs, amounted to Php56,631 million for the six months ended June 30, 2022, an increase of Php10,610 million, or 23%, from Php46,021 million in the same period in 2021.

Data Services

Our data services, which include Home broadband, corporate data, and ICT portfolio with data center, cloud, cyber security, and managed IT offerings, posted revenues of Php47,468 million for the six months ended June 30, 2022, an increase of Php10,484 million, or 28%, from Php36,984 million in the same period in 2021, primarily due to higher revenues from home broadband, corporate data and leased lines, and ICT services. The percentage contribution of this service segment to our fixed line service revenues accounted for 67% and 68% for the six months ended June 30, 2022 and 2021, respectively.

The following table shows information of our data service revenues for the six months ended June 30, 2022 and 2021:

			Increase	
	2022	**2021**	**Amount**	**%**
		(in million Php, except %)		
Data service revenues	47,468	36,984	10,484	28
Home broadband	23,557	18,864	4,693	25
Corporate data and ICT	23,911	18,120	5,791	32

Home Broadband

Home broadband data revenues amounted to Php23,557 million for the six months ended June 30, 2022, an increase of Php4,693 million, or 25%, from Php18,864 million in the same period in 2021. This growth is driven by increasing demand for broadband services, including fixed wired (PLDT Home Fibr), which the company is providing through the nationwide roll-out of its fiber-to-the-home ("FTTH") network and its existing copper network, which is progressively being upgraded to fiber. Home broadband revenues accounted for 50% and 51% of fixed line data service revenues for the six months ended June 30, 2022 and 2021, respectively. PLDT's FTTH nationwide network roll-out has reached over 16.2 million homes passed as of June 30, 2022, while the number of ports has grown to about 6.7 million.

Corporate Data and ICT

Corporate data services amounted to Php19,572 million for the six months ended June 30, 2022, an increase of Php4,762 million, or 32%, as compared with Php14,810 million in the same period in 2021, mainly due to the sustained demand for broadband internet and data networking services. Corporate data revenues accounted for 41% and 40% our total data service revenues for the six months ended June 30, 2022 and 2021, respectively.

ICT revenues increased by Php1,029 million, or 31%, to Php4,339 million for the six months ended June 30, 2022 from Php3,310 million in the same period in 2021, mainly due to higher revenues from data center, cloud and managed IT services, partially offset by lower revenues from cyber security services. The percentage contribution of this service segment to our total data service revenues accounted for 9% for each of the six months ended June 30, 2022 and 2021.

Voice Services

Revenues from our voice services increased by Php5,754 million, or 33%, to Php22,995 million for the six months ended June 30, 2022 from Php17,241 million in the same period in 2021, primarily due to higher revenues from international services of PLDT Global. The percentage contribution of voice service revenues to our fixed line service revenues accounted for 32% and 31% for the six months ended June 30, 2022 and 2021, respectively.

Miscellaneous Services

Miscellaneous service revenues are derived mostly from rentals and management fees. These service revenues decreased by Php46 million, or 11%, to Php383 million for the six months ended June 30, 2022 from Php429 million in the same period in 2021. The percentage contribution of miscellaneous service revenues to our total fixed line service revenues accounted for 1% for each of the six months ended June 30, 2022 and 2021.

Non-service Revenues

Non-service revenues increased by Php29 million, or 16%, to Php215 million for the six months ended June 30, 2022 from Php186 million in the same period in 2021, primarily due to higher sale of managed ICT equipment and point-product-sales, partially offset by lower sale of PHW broadband routers.

Expenses

Expenses related to our Fixed Line business segment totaled Php64,697 million for the six months ended June 30, 2022, an increase of Php20,204 million, or 45%, as compared with Php44,493 million in the same period in 2021. The increase was primarily due to higher depreciation and amortization, interconnection costs, selling, general and administrative expenses, cost of sales and services, and asset impairment, partially offset by lower provisions. As a percentage of our total fixed line revenues, expenses associated with our Fixed Line business segment accounted for 91% and 81% for the six months ended June 30, 2022 and 2021, respectively.

The following table shows the breakdown of our total fixed line-related expenses for the six months ended June 30, 2022 and 2021 and the percentage of each expense item in relation to the total:

					Increase (Decrease)	
	2022	%	2021	%	Amount	%
			(in million Php, except %)			
Selling, general and administrative expenses	26,963	42	21,689	49	5,274	24
Depreciation and amortization	20,047	31	10,187	23	9,860	97
Interconnection costs	14,215	22	8,633	19	5,582	65
Cost of sales and services	1,973	3	1,679	4	294	18
Provisions	1,410	2	2,301	5	(891)	(39)
Asset impairment	89	—	4	—	85	2,125
Total	64,697	100	44,493	100	20,204	45

Selling, general and administrative expenses increased by Php5,274 million, or 24%, to Php26,963 million primarily due to higher expenses related to compensation and employee benefits on account of higher MRP, repairs and maintenance, selling and promotions, and communication, training and travel, partly offset by lower expenses related to professional and other contracted services, taxes and licenses, and rent.

Depreciation and amortization charges increased by Php9,860 million, or 97%, to Php20,047 million mainly on account of additional depreciation due to shortened life of copper-based technology, resulting from the migration to FTTH, as well as the additional depreciation recognized for the moveout and modernization of network equipment brought about by the redevelopment of our main offices.

Interconnection costs increased by Php5,582 million, or 65%, to Php14,215 million, primarily due to higher international interconnection costs of PLDT Global.

Cost of sales and services increased by Php294 million, or 18%, to Php1,973 million, primarily due to higher cost of services.

Provisions decreased by Php891 million, or 39%, to Php1,410 million, primarily due to lower provisions for expected credit losses and inventory obsolescence.

Asset impairment increased by Php85 million to Php89 million primarily due to impairment charges on certain network equipment damaged by Typhoon Odette.

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, 2022 and 2021:

	2022	2021	Change Amount	Change %
	(in million Php, except %)			
Other Income (Expenses) – Net:				
Gains on derivative financial instruments – net	1,332	71	1,261	1,776
Interest income	78	170	(92)	(54)
Equity share in net earnings of associates	69	60	9	15
Foreign exchange losses – net	(2,525)	(464)	(2,061)	(444)
Financing costs – net	(2,979)	(2,873)	(106)	(4)
Other income – net	21,130	6,880	14,250	207
Total	17,105	3,844	13,261	345

Our Fixed Line business segment's other income amounted to Php17,105 million for the six months ended June 30, 2022, an increase of Php13,261 million from Php3,844 million in the same period in 2021, primarily due to the combined effects of the following: (i) higher other income – net by Php14,250 million mainly due to PLDT's income from prescription of preferred redemption liability in 2022, and higher dividend income from Smart and Digitel Mobile Philippines, Inc. ("DMPI"), partially offset by the gain on sale of PHW subscribers in 2021; (ii) higher net gains on derivative financial instruments by Php1,261 million mainly due to the higher depreciation of the Philippine peso relative to the U.S. dollar in 2022 as compared with the same period in 2021; (iii) lower interest income by Php92 million; (iv) higher net financing costs by Php106 million; and (v) higher net foreign exchange losses by Php2,061 million mainly on account of revaluation of net foreign currency-denominated liabilities due to the higher depreciation of the Philippine peso relative to the U.S. dollar in 2022 as compared with the same period in 2021.

Provision for Income Tax

Provision for income tax amounted to Php2,449 million for the six months ended June 30, 2022, an increase of Php1,062 million, or 77%, from Php1,387 million in the same period in 2021, mainly due to higher taxable income and the net favorable impact of 2020 income tax retroactive adjustment, per Revenue Regulations No. 5-2021, recognized in the first quarter of 2021.

Net Income

As a result of the foregoing, our Fixed Line business segment registered a net income of Php21,020 million for the six months ended June 30, 2022, an increase of Php8,216 million, or 64%, as compared with Php12,804 million in the same period in 2021.

EBITDA

Our Fixed Line business segment's EBITDA increased by Php6,002 million, or 29%, to Php26,536 million for the six months ended June 30, 2022 from Php20,534 million in the same period in 2021. EBITDA margin decreased to 37% for the six months ended June 30, 2022 from 38% in the same period in 2021.

Core Income

Our Fixed Line business segment's core income increased by Php12,909 million, or 104%, to Php25,341 million for the six months ended June 30, 2022 from Php12,432 million in the same period in 2021, primarily due to higher EBITDA excluding MRP, and other miscellaneous income, partially offset by higher depreciation and amortization, and provision for income tax.

Others

Revenues

Revenues generated from our Other business segment amounted to nil for each of the six months ended June 30, 2022 and 2021.

Expenses

Expenses related to our Other business segment increased by Php4 million, or 100%, to Php8 million for the six months ended June 30, 2022 from Php4 million in the same period in 2021.

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, 2022 and 2021:

	2022	2021	Change Amount	Change %
	(in million Php, except %)			
Other Income (Expenses) – Net:				
Equity share in net losses of associates and joint ventures	(1,499)	(14)	(1,485)	(10,607)
Interest income	7	16	(9)	(56)
Foreign exchange gains – net	76	40	36	90
Other income – net	606	835	(229)	(27)
Total	(810)	877	(1,687)	(192)

Our Other business segment's other expenses – net amounted to Php810 million for the six months ended June 30, 2022, a change of Php1,687 million from other income – net of Php877 million in the same period in 2021, primarily due to the combined effects of the following: (i) higher equity share in net losses of associates and joint ventures by Php1,485 million mainly due to higher equity share in net losses in VIH; (ii) lower other income – net by Php229 million mainly due to lower VIH gain on dilution; (iii) lower interest income by Php9 million; and (iv) higher net foreign exchange gains by Php36 million.

Net Income (Loss)

As a result of the foregoing, our Other business segment registered a net loss of Php740 million for the six months ended June 30, 2022, a change of Php1,705 million from a net income of Php965 million in the same period in 2021.

Core Loss

Our Other business segment's core loss amounted to Php1,004 million for the six months ended June 30, 2022, an increase of Php998 million from Php6 million in the same period in 2021.

Liquidity and Capital Resources

The following table shows our consolidated cash flows for the six months ended June 30, 2022 and 2021, as well as our consolidated capitalization and other consolidated selected financial data as at June 30, 2022 and December 31, 2021:

	Six months ended June 30,	
	2022	2021
	(in million Php)	
Cash Flows		
Net cash flows provided by operating activities	37,666	44,124
Net cash flows used in investing activities	(16,787)	(56,920)
Payment for purchase of property and equipment, including capitalized interest	*(49,048)*	*(55,139)*
Net cash flows provided by (used in) financing activities	(6,307)	(4,355)
Net increase (decrease) in cash and cash equivalents	14,956	(17,067)

	June 30, 2022	December 31, 2021
	(in million Php)	
Capitalization		
Long-term portion of interest-bearing financial liabilities – net of current portion:		
Long-term debt	243,374	241,075
Current portion of interest-bearing financial liabilities:		
Long-term debt maturing within one year	15,827	11,482
Total interest-bearing financial liabilities	259,201	252,557
Total equity attributable to equity holders of PLDT	129,771	123,216
	388,972	375,773
Other Selected Financial Data		
Total assets	657,346	626,328
Property and equipment	292,135	302,736
Cash and cash equivalents	38,863	23,907
Short-term investments	6,420	2,241

Our consolidated cash and cash equivalents and short-term investments totaled Php45,283 million as at June 30, 2022. Principal sources of consolidated cash and cash equivalents for the six months ended June 30, 2022 were proceeds from disposal of property of equipment of Php39,490 million, mainly proceeds from the sale and leaseback of telecom towers, cash flows from operating activities amounting to Php37,666 million, proceeds from availment of short-term and long-term debts of Php10,000 million and Php5,000 million, respectively, proceeds from the release of preferred redemption fund of Php7,839 million and proceeds from maturity of short-term investments of Php2,775 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php49,048 million; (2) long-term debt principal and interest payments of Php11,896 million and Php4,430 million, respectively; (3) cash dividend payment of Php9,064 million; (4) payment for purchase of short-term investments of Php6,767 million; (5) settlement of obligations under lease liabilities of Php3,743 million; and (6) payment for acquisition of investments in associates and joint ventures of Php3,303 million, mainly PLDT Communications and Energy Ventures, Inc.'s ("PCEV") additional investment in VIH's preferred shares.

Our consolidated cash and cash equivalents and short-term investments totaled Php25,603 million as at June 30, 2021. Principal sources of consolidated cash and cash equivalents in 2021 were cash flows from operating activities amounting to Php44,124 million, proceeds from availment of long-term debt of Php27,000 million, proceeds from disposal of property and equipment of Php730 million, and interest received of Php389 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php55,139 million; (2) long-term debt principal and interest payments of Php14,444 million and Php4,301 million, respectively; (3) cash dividend payment of Php8,705 million; (4) settlement of obligations under lease liabilities of Php3,426 million; (5) payment for acquisition of investments in associates and joint ventures of Php1,725 million, mainly PCEV's additional investment in VIH's preferred shares; and (6) payment for purchase of short-term investments of Php1,676 million.

Operating Activities

Our consolidated net cash flows provided by operating activities decreased by Php6,458 million, or 15%, to Php37,666 million for the six months ended June 30, 2022 from Php44,124 million in the same period in 2021, primarily due to higher level of settlement of accounts payable, higher pension and employee benefits, and lower operating income, partially offset by lower prepayments, lower level of settlement of accrued expenses and other current liabilities, and higher level of collection of receivables.

Cash flows provided by operating activities of our Wireless business segment increased by Php3,548 million, or 15%, to Php27,359 million for the six months ended June 30, 2022 from Php23,811 million in the same period in 2021, primarily due to lower prepayments, partially offset by higher level of settlement of accounts payable and lower operating income. Cash flows provided by operating activities of our Fixed Line business segment decreased by Php4,862 million, or 20%, to Php19,286 million for the six months ended June 30, 2022 from Php24,148 million in the same period in 2021, primarily due to lower level of collection of accounts receivables, higher level of settlement of accounts payable and higher pension and employee benefits, partially offset by lower prepayments, lower level of settlement of accrued expenses and other current liabilities and higher operating income. Cash flows provided by operating activities of our Other business segment decreased by Php658 million, or 19%, to Php2,748 million for the six months ended June 30, 2022 from Php3,406 million in the same period in 2021, primarily due to higher level of settlement of accounts payable.

Investing Activities

Consolidated net cash flows used in investing activities amounted to Php16,787 million for the six months ended June 30, 2022, a decrease of Php40,133 million, or 71%, from Php56,920 million in the same period in 2021, primarily due to higher proceeds from disposal of property and equipment by Php38,760 million, mainly proceeds from the sale and leaseback of telecom towers in 2022, and lower payment for purchase of property and equipment, including capitalized interest, by Php6,091 million, partially offset by higher net payment for purchase of short-term investments by Php2,577 million, and higher payment for acquisition of investments in associates and joint ventures by Php1,578 million, mainly PCEV's additional investment in VIH's preferred shares.

Our consolidated payment for purchase of property and equipment, including capitalized interest, for the six months ended June 30, 2022 totaled Php49,048 million, a decrease of Php6,091 million, or 11%, as compared with Php55,139 million in the same period in 2021. Smart's payment for purchase of property and equipment, including capitalized interest, decreased by Php4,976 million, or 19%, to Php21,583 million for the six months ended June 30, 2022 from Php26,559 million in the same period in 2021. Smart's capex spending was primarily focused on LTE (4G) coverage and capacity expansion, and rollout of new sites and 5G base stations in key business areas and dense communities nationwide. PLDT's payment for purchase of property and equipment, including capitalized interest, decreased by Php1,383 million, or 5%, to Php26,227 million for the six months ended June 30, 2022 from Php27,610 million in the same period in 2021. PLDT's capex spending was used to finance fixed line install, rollout, expansion and modernization of fiber optic transport network and backbone resiliency, and expansion of our international submarine cable network. The balance represents other subsidiaries' capital spending.

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

Financing Activities

On a consolidated basis, cash flows used in financing activities increased by Php1,952 million, or 45%, to Php6,307 million for the six months ended June 30, 2022 from Php4,355 million in the same period in 2021, primarily due to the combined effects of the following: (1) lower proceeds from availment of long-term debt by Php22,000 million; (2) proceeds from availment of short term debt of Php10,000 million in 2022; (3) proceeds from the release of preferred redemption fund of Php7,839 million in 2022; and (4) lower payments of long-term debt by Php2,548 million.

Debt Financing

Proceeds from availment of short-term and long-term debts for the six months ended June 30, 2022 amounted to Php10,000 million and Php5,000 million, respectively, mainly from PLDT's and Smart's drawings related to refinancing of maturing loan obligations and financing of capital expenditure requirements. Payments of principal, including prepayments of Php9,530 million, amounted to Php11,896 million while payments of interest on our total debt amounted to Php4,422 million for the six months ended June 30, 2022.

Our consolidated long-term and short-term debts increased by Php6,644 million, or 3%, to Php259,201 million as at June 30, 2022 from Php252,557 million as at December 31, 2021, primarily due to drawings from our long-term and short-term facilities, and the revaluation of foreign currency-denominated debt, partially offset by debt amortizations and prepayments. As at June 30, 2022, PLDT's long-term and short-term debt level increased by Php2,421 million, or 2%, to Php159,428 million from Php157,007 million as at December 31, 2021, while Smart's long-term and short-term debt level increased by Php4,223 million, or 4%, to Php99,773 million from Php95,550 million as at December 31, 2021.

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, 2022 and 2021, 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, 2022 and 2021:

	Date			Amount	
Class	**Approved[1]**	**Record**	**Payable**	**Per Share**	**Total**
				(in million Php, except per share amount)	
2022					
Common					
Regular Dividend	March 3, 2022	March 17, 2022	April 4, 2022	42	9,075
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[1]	January 25, 2022	February 21, 2022	March 15, 2022	–	12
	May 5, 2022	May 20, 2022	June 15, 2022	–	13
Voting Preferred Stock	March 3, 2022	March 23, 2022	April 15, 2022	–	2
	June 14, 2022	June 30, 2022	July 15, 2022	–	2
Charged to Retained Earnings					9,104
2021					
Common					
Regular Dividend	March 4, 2021	March 18, 2021	April 6, 2021	40	8,642
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[1]	January 26, 2021	February 22, 2021	March 15, 2021	–	12
	May 6, 2021	May 21, 2021	June 15, 2021	–	13
Voting Preferred Stock	March 4, 2021	March 24, 2021	April 15, 2021	–	3
	June 8, 2021	June 24, 2021	July 15, 2021	–	2
Charged to Retained Earnings					8,672

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

Our dividends declared after June 30, 2022 are as follows:

Class	Date			Amount	
	Approved	Record	Payable	Per Share	Total
				(in million Php, except per share amount)	
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock[(1)]	August 4, 2022	August 19, 2022	September 15, 2022	—	12
Common					
Regular Dividend	August 4, 2022	August 18, 2022	September 5, 2022	47	10,155
Special Dividend	August 4, 2022	August 18, 2022	September 5, 2022	28	6,050
Charged to Retained Earnings					16,217

[(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 Php657,346 million as at June 30, 2022, an increase of Php31,018 million, or 5%, from Php626,328 million as at December 31, 2021, primarily due to higher cash and cash equivalents, prepayments, and trade and other receivables.

Our total liabilities amounted to Php523,269 million as at June 30, 2022, an increase of Php24,406 million, or 5%, from Php498,863 million as at December 31, 2021, primarily due to higher lease liabilities, interest-bearing financial liabilities, and accounts payable.

Off-Balance Sheet Arrangements

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

Equity Financing

On August 2, 2016, the PLDT Board of Directors approved the amendment of our dividend policy, reducing our dividend payout rate to 60% of our core earnings per share as regular dividends. This was in view of the elevated capital expenditures to support the build-out of a resilient and reliable data network, lower EBITDA primarily due to higher subsidies to grow the data business and defend market share, and the resources required to support the acquisition of San Miguel Corporation'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 to 2018, and 60% of our telco core income for 2019 to 2021. 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 Php9,064 million for the six months ended June 30, 2022 as compared with Php8,705 million paid to shareholders in the same period in 2021.

Contractual Obligations and Commercial Commitments

Contractual Obligations

For a detailed discussion of our consolidated contractual undiscounted obligations as at June 30, 2022 and December 31, 2021, see *Note 28 – Financial Assets and Liabilities* to the accompanying unaudited consolidated financial statements.

Commercial Commitments

We have no outstanding commercial commitments, in the form of letters of credit, as at June 30, 2022 and December 31, 2021.

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, 2022 and December 31, 2021 other than those whose carrying amounts are reasonable approximations of fair values:

	Fair Values	
	June 30, 2022	**December 31, 2021**
	(in million Php)	
Noncurrent Financial Assets		
Debt instruments at amortized cost	559	403
Other financial assets – net of current portion	3,429	2,664
Total noncurrent financial assets	3,988	3,067
Noncurrent Financial Liabilities		
Interest-bearing financial liabilities	230,324	242,545
Customers' deposits	1,434	1,619
Deferred credits and other noncurrent liabilities	187	404
Total noncurrent financial liabilities	231,945	244,568

The following table sets forth the amount of gains (losses) recognized for the financial assets and liabilities for the six months ended June 30, 2022 and the three months ended March 31, 2022:

	June 30, 2022	**March 31, 2022**
	(in million Php)	
Profit and Loss		
Interest income	269	134
Gains on derivative financial instruments – net	2,184	472
Accretion on financial liabilities	(176)	(91)
Interest on loans and other related items	(5,386)	(2,640)
Other Comprehensive Income		
Net fair value losses on cash flow hedges – net of tax	(1,255)	(388)

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, 2022 and 2021 were 4.4% and 4.0%, respectively. We expect inflation to be on the upper band or even breach the 4.5% to 5.5% target range brought about by the Russia-Ukraine conflict and other supply constraints.

PART II – OTHER INFORMATION

Sale and Leaseback of Telecom Towers

On April 19, 2022, Smart and Digitel Mobile Philippines, Inc. signed Sale and Purchase Agreements ("SPAs") with a subsidiary of edotco Group and a subsidiary of EdgePoint (the "TowerCos") in connection with the sale of 5,907 telecom towers and related passive telecom infrastructure for Php77 billion. Out of the total towers, 2,973 towers located primarily in Luzon, Visayas and Mindanao will be acquired by ISOC edotco Towers, Inc. (a subsidiary of edotco Group) and 2,934 towers located in Luzon by Comworks Infratech Corp. (a subsidiary of EdgePoint).

Concurrent with the execution of the SPAs, Smart has also entered into Master Service Agreements ("MSA") with the TowerCos where Smart has agreed to leaseback the towers sold in the transaction for a period of 10 years. In addition to space, the TowerCos will also be responsible for providing operations and maintenance services as well as power to the sites. The sale and leaseback will be complemented by a new tower build commitment of 1,500 towers in total over the next few years. The closing of the agreements will be on a staggered basis depending on satisfaction of closing conditions, according to the number of towers transferred.

Of the Php77 billion total proceeds from the sale, it is expected that Php27.5 billion will be used to prepay debt, Php24.5 billion to fund major cash requirements for operations and capital expenditures resulting in debt avoidance, and up to Php9 billion to be declared as special dividends.

On June 1, 2022, we completed the sale of 3,012 telecom towers and received the corresponding cash consideration of Php39,228 million (excluding taxes). On the same day, the MSA covering the leaseback arrangements for those towers became effective. As a result, we recognized a gain related to the sale and leaseback amounting to Php16,537 million (or Php12,645 million after tax) and treated this as a non-core income.

On August 1, 2022, we completed the sale of additional 1,013 telecom towers and received the corresponding cash consideration of Php13,190 million, and the site lease contracts covering the leaseback agreements for those towers became effective. To date, we have completed the sale of 4,025 telecom towers representing 68% of the towers portfolio subject to the sale.

On August 4, 2022, PLDT declared a total of Php6,050 million special dividends (or Php28 per common share) out of the proceeds of the first closing.

Through this landmark deal, we pioneered tower sharing in the Philippines in support of the Philippine Department of Information and Communications Technology's goal of improving tower density. In addition, this arrangement will further solidify Smart's superior network quality, enhance customer experience and give rise to significant operating and cost efficiencies.

Acquisition of Additional Interest in Multisys

On July 29, 2022, PLDT Global Investments Holdings, Inc. ("PGIH") acquired additional 227 common shares of Multisys from the existing holder, representing a 4.99% interest, for a total consideration of Php248 million, of which Php100 million was paid on the same day. As of and following this acquisition, PGIH now owns 2,307 common shares representing 50.72% equity interest in Multisys, which is considered a controlling interest in accordance with the Restated Shareholders' Agreement that the parties signed on the same date. Consequently, the results of operations and financial position of Multisys will be consolidated with the PLDT Group starting in the third quarter of this year.

Investment in Class C Convertible Preferred Shares of VIH

On April 7, 2022, PCEV participated in the new round of fundraise for VIH amounting to US$62 million. Leading the round was the new investor SIG Venture Capital. Also participating in the round were the other existing shareholders KKR, Tencent and International Finance Corporation (IFC), and IFC Emerging Asia Fund and IFC Financial Institution Growth Fund, as well as new investors including Singapore-based global investor EDBI and investment holding company First Pacific Company Ltd. Thereafter, PCEV's ownership in Voyager was diluted from 38.45% to 36.82%.

VIH raised US$210 million in new funds propelling VIH's valuation to nearly U$1.4 billion. VIH used the fresh funds to support the launch and acceleration of digital banking services powered by Maya Bank and other new services such as crypto, to be seamlessly integrated and offered across PayMaya's consumer and enterprise platforms.

Smart Broadband, Inc. ("SBI") Secures 25-year Franchise Extension

On April 8, 2022, the Philippine President Rodrigo Roa Duterte approved Republic Act No. 11678, an act renewing for another 25 years the franchise granted to Meridian Telekoms, Inc., presently known as SBI. This allows SBI to continue constructing, installing, establishing, maintaining, leasing and operating wire and/or wireless telecommunication systems throughout the Philippines. SBI's original franchise under Republic Act No. 8337 was set to expire on November 11, 2022.

Prescription of Redemption for Series A to FF Preferred Shares

On September 23, 2011, the Board of Directors approved the redemption of all outstanding shares of PLDT's Series A to FF 10% Cumulative Convertible Preferred Stock, or the Series A to FF Shares, from holders of record as of October 10, 2011, and all such shares were redeemed and retired effective on January 19, 2012. In accordance with the terms and conditions of the Series A to FF Shares, the holders of Series A to FF Shares as at January 19, 2012 are entitled to payment of the redemption price in an amount equal to the par value of such shares, plus accrued and unpaid dividends thereon up to January 19, 2012, or the Redemption Price of Series A to FF Shares.

PLDT set aside Php4,029 million (the amount required to fund the redemption price for the Series A to FF Shares) in addition to Php4,143 million for unclaimed dividends on Series A to FF Shares, or a total amount of Php8,172 million, to fund the redemption of the Series A to FF Shares, or the Redemption Trust Fund, in a trust account, or the Trust Account, in the name of RCBC, as Trustee. The Trustee would continue to hold the Redemption Trust Fund or any balance thereof, in trust, for the benefit of holders of Series A to FF Shares, for a period of ten years from January 19, 2012 until January 19, 2022. After the said date, any and all remaining balance in the Trust Account should be returned to PLDT and revert to its general funds, and PLDT's corresponding obligations to pay the trust amounts would prescribe.

On January 20, 2022, the Trustee returned to PLDT the remaining unclaimed balance of the Trust Account for the Series A to FF, amounting to Php7,839 million. As PLDT's obligations to pay the trust amounts has also prescribed, the amount of unclaimed Trust Account that RCBC returned to PLDT is recognized as income in 2022. We reported this transaction as part of non-telco core income in our 2022 first quarter financial results.

Impact of Super Typhoon Odette

On December 16, 2021, parts of the Visayas and Mindanao were hit by Super Typhoon Rai (known as "Odette" in the Philippines), rendering many of the affected areas inaccessible and causing extensive electricity and communication outages. We deployed teams to the Visayas and Mindanao to restore communication services in the affected areas. To date, we have restored most of the network services.

The cumulative impact of the typhoon was determined at Php2.3 billion (Php1.7 billion after tax), before insurance claims, as at June 30, 2022, from the combined effect of rebates and lost revenues due to service unavailability, free load provided to our subscribers, repairs and replacement of damaged facilities, as well as loss of properties. We have also worked with the LGUs of the affected areas and provided donations to the communities. Our employees also participated in the relief efforts through their own donations. We have filed insurance claims and secured a settlement of Php290 million, for which an initial payment of Php150 million was received and the balance of Php140 million is outstanding as of the date of this report.

Amendments to the By-Laws of PLDT

On March 25, 2021, the Board of Directors approved the amendments to the By-Laws of PLDT to conform with the provisions of R.A. 11232, known as the Revised Corporation Code of the Philippines.

On July 9, 2021, the application for the amendment of the By-Laws of PLDT was submitted to the Philippine SEC for review and approval. The Company Registration and Monitoring Department of the Philippine SEC has already cleared the application and the original documents will be submitted for processing.

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

In light of the ongoing COVID-19 pandemic, we continue to assess PLDT's risks, and implement measures to protect our employees, customers and trade partners.

People

Limited access to our corporate premises which was instituted in 2020 remain in effect. We have allowed a hybrid of work from home and work on site arrangements. 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.

Among others, the following measures remain to be in place to protect our employees:

- a vaccination program, which also covers booster doses, for our employees and their dependents and household members who are enrolled in the program;
- a COVID-19 Self-Check Chatbot is required to be completed by employees on a daily basis to allow us to monitor if an employee is experiencing symptoms or has been exposed to a COVID-19 patient or someone suspected to be infected;
- COVID-19 testing services are offered to symptomatic employees at accredited hospitals/clinics;
- instructions and guidelines issued to our trade partners on how to best deal with the COVID-19 pandemic;
- physical distancing measures implemented within our premises, installation of HEPA filtering devices and air purifiers within our facilities to improve air quality, regular disinfection in the work areas and buildings, and MERV-13 with ultraviolet light disinfection systems for centralized airconditioning per floor;
- personal protective equipment and alcohol are regularly supplied to employees reporting to sites/offices;
- PLDT medical services provides maintenance medicines through our 23 nationwide in-house clinics nationwide, and in partnership with several pharmacies. Internal channels for 24/7 COVID-19-related assistance are also available for our workforce;
- advisers can be reached by our employees through the COVID-19 Employee Hotline, available from Monday to Friday from 8AM to 5PM and on weekends, to respond to questions related to internal guidelines, safety protocols and COVID-19 testing;
- a one-stop shop "COVID Warrior Portal" which houses advisories, internal guidelines, tips and FAQs for employees; and

- a hybrid work arrangement for employees with a split team set-up per group was established to prevent health risks and utilize the workspace with standard distance protocols. This allows employees to experience the flexibility to work remotely along with the benefits of collaborating as a team onsite.

Moreover, we have partnered with First Pacific Leadership Academy, whose campus located in Antipolo, Rizal has been converted into an isolation and quarantine facility, to accommodate our employees who are asymptomatic and those with mild COVID-19 symptoms. The Company has also partnered with other quarantine facilities nationwide for employees located across various locations.

Network and IT

Since the beginning of the COVID-19 outbreak in the Philippines, we have been closely monitoring our network traffic for usage spikes and possible congestion. As at the date of this report, we have sufficient capacity to serve the increased needs of all our subscribers. We have added international and domestic internet capacity, upgraded our local content delivery network, and refarmed our 2G frequencies to LTE. We have taken steps to enhance physical security for premises in which our critical network and IT systems are kept. We have also reinforced our cyber security to protect the network from intrusion and malicious attacks. We have also moved essential spare parts and supplies from our remote warehouses to Metro Manila to help us undertake maintenance and repairs more efficiently.

Customer Service

We provided zero-rated access to certain Government agencies and emergency hotlines, equipped our corporate customers with telecommuting solutions, and for our Overseas Filipino Workers ("OFWs"), extended the duration of free calls through our Free Bee app. 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.

Precautionary measures at our stores such as provision for foot bath, regular sanitization and disinfection, temperature check, wearing of face masks and face shields, installation of commercial-grade air filters, and other observance of social distancing remain to be in effect. PLDT Home rolled out Call to Apply service, a virtual and convenient way to apply for a PLDT Home service, transact and talk to any PLDT Sales and Service Centers representatives. PLDT Home also rolled out QR codes that directed customers to an online service application platform. Moreover, we also made available to our customers the virtual booking appointment.

Impact of COVID-19 Outbreak on our Operations

While work-from-home arrangements for businesses and their employees boosted demand for corporate fixed broadband and fixed wireless data services, corporate revenue growth in this period was constrained by the slump in commercial activities resulting from the imposition of various community quarantines. During the imposition of community quarantines, network traffic grew significantly, with traffic shifting from the commercial business districts to residential areas. To further ensure that we could handle the increased volume of data traffic, Smart reallocated its assigned 1,800 MHz frequencies from 2G to 4G/LTE.

The various community quarantines highlighted a distinct advantage of PLDT's fully integrated fixed and wireless network architecture which allowed the seamless and efficient delivery of quality services to fixed and wireless customers. In general, we were not significantly impacted by COVID-19 and have benefited from an increase in demand for our broadband and mobile data services. We cannot predict whether this increase in business activity will continue during and after the pandemic, especially with the emergence of new variants of the COVID-19. Furthermore, the government shifted its system in imposing restrictions from the community quarantine classifications to the alert level system.

Amidst this uncertainty, new opportunities for future growth have arisen. Life under the community quarantine has pushed the rapid adoption of online and digital services as people forced to stay at home have turned to web-based collaboration tools, distance learning, online shopping and payment and e-health services, among others. We believe our superior network and digital infrastructure has driven more data usage to both our mobile and fixed networks. As demand for broadband services surged during the pandemic, PLDT Home ramped up its installation and repair levels and rolled out fixed wireless in areas with no fixed line or fiber connections. Telecommunications is one of the businesses given exemption by the Inter-Agency Task Force ("IATF") on COVID-19, allowing our installation and repair teams mobility despite the quarantine lockdowns. Smart has capitalized on e-payments and further leveraged its online distribution channels and our Enterprise vertical is driving opportunities in e-health, e-learning, telemedicine and other collaboration solutions while seeing renewed demand for data center services. PLDT Enterprise has partnered with the national and local government units ("LGUs") in the vaccination program by providing connectivity in vaccination centers.

For updates on matters relating to the (1) Department of Labor and Employment ("DOLE") Compliance Order to PLDT, and other pending cases, see *Note 27 – Provisions and Contingencies*; and (2) Petition against the Philippine Competition Commission, see *Note 11 – Investment in Associates and Joint Ventures*, 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, 2022:

Type of Accounts Receivable	Total	Current	31-60 Days	61-90 Days	Over 91 Days
			(in million Php)		
Retail subscribers	15,261	10,023	812	380	4,046
Corporate subscribers	14,562	3,923	2,800	1,503	6,336
Foreign administrations	1,229	545	80	66	538
Domestic carriers	176	83	40	19	34
Dealers, agents and others	5,196	2,804	192	62	2,138
Total	36,424	17,378	3,924	2,030	13,092
Less: Allowance for expected credit losses	11,098				
Total Receivables - net	25,326				

ANNEX II – FINANCIAL SOUNDNESS INDICATORS

The following table shows our financial soundness indicators as at June 30, 2022 and December 31, 2021:

	2022	**2021**
Current Ratio[(1)]	0.44:1.0	0.33:1.0
Acid Test Ratio[(2)]	0.30:1.0	0.21:1.0
Solvency Ratio[(3)]	0.40:1.0	0.34:1.0
Net Debt to Equity Ratio[(4)]	1.64:1.0	1.83:1.0
Net Debt to EBITDA Ratio[(5)]	2.26:1.0	2.35:1.0
Total Debt to EBITDA Ratio[(6)]	2.75:1.0	2.63:1.0
Asset to Equity Ratio[(7)]	5.07:1.0	5.08:1.0
Interest Coverage Ratio[(8)]	4.43:1.0	4.16:1.0
Profit Margin[(9)]	15%	14%
Return on Assets[(10)]	5%	4%
Return on Equity[(11)]	24%	22%
EBITDA Margin[(12)]	49%	52%

(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 equivalents, 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 equivalents, short-term investments and debt instruments at amortized cost 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 equivalents, short-term investments and debt instruments at amortized cost divided by EBITDA for the last 12-month period.*

(6) *Total Debt to EBITDA ratio is measured as total debt (long-term debt, including current portion) divided by EBITDA for the last 12-month 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 last 12-month period.*

(9) *Profit margin is derived by dividing net income for the period with total revenues for the last 12-month period.*

(10) *Return on assets is measured as net income for the last 12-month period divided by average total assets.*

(11) *Return on Equity is measured as net income for the last 12-month 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 last 12-month 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 2022 to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: **PLDT Inc.**

Signature and Title:____

ALFREDO S. PANLILIO
President and Chief Executive Officer

Signature and Title:____

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

Signature and Title:____

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

Date: August 4, 2022