

**10 August 2000**

**PLDT RELEASES HALF-YEAR RESULTS, ANNOUNCES LAUNCH OF ePLDT,  
ITS NEW e-COMMERCE/INTERNET SUBSIDIARY**

First Pacific's affiliate, PLDT, issued the following press release in Manila today.

PLDT is the principal supplier of domestic and international telecommunications services in the Philippines and is utilising its five principal business lines – Fixed Line, Mobile, Internet, Cable and Satellite – as the foundation for its convergence strategy.

\* \* \*

For further information, please contact:

**PLDT**

Ms. Anabelle Lim-Chua  
Treasurer and First Vice President

Tel: (632) 816 8213

Mr. Ramon R. Isberto  
Head, Public Affairs

Tel: (632) 816 8940



## **PLDT RELEASES HALF-YEAR RESULTS, ANNOUNCES LAUNCH OF ePLDT, ITS NEW e-COMMERCE/INTERNET SUBSIDIARY**

**MANILA, Philippines, August 10, 2000** – Philippine Long Distance Telephone Company (“PLDT”) released today its unaudited operating results for the six months ended June 30, 2000, and announced the formation of ePLDT, the principal corporate vehicle for PLDT’s Internet, e-commerce and multi-media businesses.

ePLDT will serve as the holding company for PLDT’s interests in a number of businesses including the cable television operator, Home Cable, and its Internet Service Provider, Infocom. It will also own and operate PLDT’s P1.6 billion Internet Data Center currently undergoing fit out. A number of other investments and businesses, including PLDT’s interest in the recently announced Philippine e-procurement joint venture, BayanTrade.com, will be transferred into ePLDT in due course.

The creation of ePLDT groups PLDT’s businesses into three principal lines – fixed line, wireless and e-commerce – following the acquisition of Smart Communications, Inc. (“SMART”) at the end of March and the launch and acquisition of a number of Internet-related activities during the year.

### **Operational Highlights, First Half 2000.**

- The total number of cellular subscribers soared to more than 2.4 million as of June 30, 2000 – nearly double the level a year earlier and an increase, net of churn, of almost one million subscribers in the six months since December 31, 1999. Virtually all of these additions were on the GSM platform and have established PLDT’s mobile group as the largest and fastest growing in the country today. PLDT’s mobile subscriber base is now 23 per cent larger than its fixed line base.
- Including SMART and Piltel, the total number of fixed lines in service increased to 1.96 million, an increase of 5.4 per cent compared with June 30, 1999.
- International inbound traffic rose by 103.9 per cent to 837.4 million billed minutes in the first half of 2000 compared with the same period in 1999. This significant increase in volume was stimulated by PLDT’s early adoption of the international benchmark settlement rate set by the US Federal Communications Commission one year ahead of schedule and the determined pursuit of illegal International Simple Resale (“ISR”) operators.

- National long distance traffic, driven by the increasing number of subscribers and transported on PLDT's advanced digital fiber optic network, increased by 24.3 per cent to 1.6 billion billed minutes from 1.3 billion minutes in the first half of 1999.
- Data revenues grew by 59.5 per cent during the first half of 2000, assisted by the launch of new products and services including BRAINS (Broad and Robust ATM and IP Networking Solutions) and the opening of I-Gate, the country's only gateway to the global Internet.
- Investments in an Internet Data Center, a Call Center and an Electronic Cash Card joint venture were announced during May and June.
- Acquisition of 100 per cent of SMART was completed and a strategic partnership was forged with the NTT Group.
- PLDT's convergence strategy continued to take shape with the launch of ADSL technology (fixed line), GPRS (mobile) and cable telephony trials.
- Piltel signed a Master Restructuring Agreement with its creditor banks last June 21, a necessary first step in an overall debt restructuring plan.

#### **Financial Results, First Half 2000.**

For PLDT itself, before consolidating the results of its subsidiaries, revenues in the first six months of 2000 increased to P21.5 billion, an increase of 3.7 per cent over the P20.7 billion recorded in the first half of 1999.

Earnings before interest, tax, depreciation and amortization (EBITDA) rose by 23.1 per cent to P14.3 billion this year from P11.6 billion in the first half of 1999. EBITDA margin for the first half of 2000 stood at a healthy 66.3 per cent. Net income rose by 37.2 per cent to P3.6 billion from P2.6 billion in the first half of 1999.

On a consolidated basis, revenues rose by 9.4 per cent from P26.9 billion in the first six months of 1999 to P29.5 billion in the first half of 2000.

EBITDA increased by 2.5 per cent from P15.3 billion to P15.6 billion. Consolidated EBITDA margin for the first half of 2000 stood at 53.1 per cent. Net income fell by 93.4 per cent from P1.8 billion to P122 million due to losses realized principally at Piltel and SMART.

#### **Revenue Profile, First Half 2000.**

On a consolidated basis, revenues during the first six months of 2000 amounted to P29.5 billion. With the exception of International Long Distance, all business lines enjoyed an increase in revenues: Data and Other Services rose by 59.5 per cent, Cellular 38.1 per cent, National Long Distance 11.7 per cent and Local Network 11.1 per cent. Despite a substantial increase in the volume of traffic, International Long Distance revenues fell 16.8 per cent due to lower accounting rates for inbound calls and reduced tariffs for outbound calls.

As a result of these changes, PLDT has succeeded in its stated objective of diversifying its revenue mix. Just under 30 per cent of its revenues now come from Local Network Services (P8.8 billion), 23 per cent from International Long Distance (P6.7 billion), 23 per cent from Cellular (P6.7 billion), 19 per cent from National Long Distance (P5.5 billion) and five per cent from Data and Other Services (P1.4 billion).

<b>Consolidated Operating Revenues In Million Pesos</b>	<b>Six Months Ended June 30,</b>	
	<b>2000</b>	<b>1999</b>
Local network .....	8,818.8	7,940.9
International long distance .....	6,679.7	8,027.3
Cellular .....	6,676.8	4,836.3
National long distance .....	5,516.1	4,939.4
Data and other network services .....	1,431.6	897.6
Miscellaneous .....	354.3	306.0
<b>Total</b>	<b>29,477.3</b>	<b>26,947.5</b>

### **Expense Profile, First Half 2000**

On a stand-alone basis, PLDT's operating expenses for the first half of 2000 totaled P13.6 billion, a reduction of 1.3 per cent from the first half of 1999, principally as a result of lower selling and promotional expenses.

Consolidated operating expenses for the first half of 2000, which include SMART's operating expenses of P6.9 billion and Piltel's P3.6 billion, increased by 21 per cent or P4.2 billion to P24.2 billion from P20.0 billion in the first half of 1999.

Contributing largely to this increase were the significantly higher marketing and promotional expenses incurred by SMART and Piltel while growing their respective mobile market shares.

### **Comment on the Results by PLDT President & CEO, Manuel V. Pangilinan.**

"It is gratifying to note how rapidly PLDT is transforming itself from a voice telephony company that had been traditionally reliant on international services for its revenues and income into an Internet services and multi-media group.

"As recently as 1995, almost two-thirds of PLDT's revenues came from international long distance services. Today, our group has five principal revenue streams – local network, international long distance, cellular, national long distance and an emerging but increasingly important newcomer in the shape of data services.

"In the short term, the costs associated with establishing and growing these new lines of business are having an impact on our consolidated net income. SMART and Piltel, for instance, have been very successful in growing their market share but at the expense, in the short-term, of significantly increased marketing and sales costs.

“PLDT’s drive to modernize and improve the efficiency of its networks has also led to an increase in depreciation charges.

“The outlook for our consolidated business in the second half of the year is promising. While we will continue to feel some pressure on revenues from international long distance, we expect revenues from our other fixed line businesses to rise during the second half of 2000.

“Having established a significant GSM market share in little more than six months, SMART returned to profitable trading in July and is now enjoying strong revenue growth from its enlarged subscriber base. This, together with the performance of certain other subsidiaries, will have a positive effect on our profits through the remainder of the year.”

###

**Operating Results (Unaudited)**  
*(In million pesos)*

	PLDT		PLDT Consolidated	
	1H00	1H99	1H00	1H99
<b>Revenues</b>	21,513	20,736	29,477	26,948
<b>Expenses</b>	<u>13,618</u>	<u>13,794</u>	<u>24,231</u>	<u>20,033</u>
<b>Operating income</b>	7,895	6,942	5,246	6,915
<b>Other expenses</b>	<u>2,738</u>	<u>3,164</u>	<u>4,666</u>	<u>4,764</u>
<b>Income before tax</b>	5,157	3,778	580	2,151
<b>Provision for tax</b>	<u>1,578</u>	<u>1,169</u>	<u>1,585</u>	<u>1,178</u>
<b>Income before minority interests</b>	3,579	2,609	(1,005)	973
<b>Minority interests</b>	<u>-</u>	<u>-</u>	<u>1,127</u>	<u>874</u>
<b>Net income</b>	<u>3,579</u>	<u>2,609</u>	<u>122</u>	<u>1,847</u>
<b>EBITDA</b>	<u>14,263</u>	<u>11,584</u>	<u>15,652</u>	<u>15,269</u>

###

**For further information, please contact:**

Ms. Anabelle Lim-Chua  
Treasurer and First Vice President  
Tel: (63-2) 816-8213

Mr. Ramon R. Isberto  
Head, Public Affairs  
Tel: (63-2) 816-8940