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**PLDT'S NET PROFIT SURGES 472 PER CENT IN FIRST QUARTER 2001;
GSM SUBSCRIBERS EXCEED 3.5 MILLION WITH 821,000 NEW
SUBSCRIBERS IN THREE MONTHS; PLDT GLOBAL CORPORATION
FORMED TO DEVELOP INTERNATIONAL BUSINESS**

The attached press release was distributed today by PLDT, in which First Pacific has a 24.6 per cent economic interest, and a 31.7 per cent voting interest.

The Philippine Long Distance Telephone Company ("PLDT") is the leading supplier of domestic and international telecommunications services in the Philippines. Listed on the Philippine Stock Exchange and with ADRs listed on the New York Stock Exchange (NYSE: PHI) and the Pacific Exchange, Manila-based PLDT is actively pursuing a convergence strategy through its three principal business groups - fixed line, wireless and ePLDT. These businesses provide a comprehensive menu of products and services to approximately 6.4 million subscribers across the most extensive broadband and integrated networks in the country.

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PLDT *News*

PLDT's Net Profit Surges 472 Per Cent in First Quarter 2001; GSM Subscribers Exceed 3.5 million with 821,000 New Subscribers in Three Months; PLDT Global Corporation Formed to Develop International Business

MANILA, Philippines, May 8, 2001...The Philippine Long Distance Telephone Company ("PLDT") announced today that its consolidated net income rose to P628.9 million in the first quarter of 2001, a gain of P518.9 million or 471.7 per cent over the result achieved in the first quarter of 2000.

Consolidated operating revenues for the first quarter of 2001 increased by P3.6 billion, or 25.4 per cent, to P18.0 billion from P14.4 billion for the same period in 2000.

Smart and Piltel acquired more than 821,000 new GSM customers during the first three months of 2001, lifting their combined GSM subscriber base to 3,520,843. Smart alone had 3,021,235 GSM subscribers on March 31, 2001.

PLDT's total cellular subscriber base has now risen to 4,236,301 and cellular subscribers outnumber fixed line subscribers by more than two to one.

Powered by this substantial increase in subscriber base, cellular service revenues surged during the first quarter of 2001 and have now overtaken fixed line services as the principal source of revenue for PLDT, accounting for approximately one third of the total.

Coinciding with the results, PLDT also disclosed an important new initiative to develop its international business through a new company, PLDT Global Corporation ("PLDT Global"). PLDT Global is now establishing companies and applying for telecom licenses in eight countries across North America, Europe and Asia with the aim of delivering quality services at highly competitive prices to and from key cities worldwide.

Highlights of Financial Results for the Three Months to March 31, 2001.

- Consolidated Net Income up 472 per cent from P110 million to P629 million
- Consolidated Revenues up 25 per cent from P14.4 billion to P18.0 billion
- Consolidated Operating Income up 57 per cent from P2.3 billion to P3.7 billion
- Consolidated EBITDA up 26 per cent from P7.8 billion to P9.9 billion

Consolidated Operating Revenues

The following table shows the breakdown of total consolidated operating revenues for the three months ended March 31, 2001 compared to the same period in 2000 and the percentage contribution of each revenue component to the total:

Three Months Ended March 31, (Pesos in Millions)	2001		2000	
	₱	%	₱	%
Cellular service	5,747.7	31.9	2,912.9	20.3
Fixed line service	5,376.6	29.8	4,251.4	29.6
Long distance services				
International	3,243.8	18.0	3,394.3	23.6
National	2,272.6	12.6	2,962.8	20.6
Data and other network services	1,075.8	5.9	667.9	4.6
Miscellaneous	319.5	1.8	190.9	1.3
Total	18,036.0	100.0	14,380.2	100.0

Cellular

Cellular service revenues for the first quarter of 2001 increased by 97.3 per cent, to P5.7 billion from P2.9 billion in the first quarter of 2000. Cellular service accounted for 31.9 per cent of consolidated operating revenues for the first quarter of 2001, as compared to 20.3 per cent a year earlier.

For the first quarter of 2001, Smart posted a net income of P837.3 million, as against a net loss of P966.2 million for the same period in 2000.

Smart and Piltel's revenues were significantly boosted by the contribution from text messaging, which generated revenues of P1.825 billion. The total volume of outbound messages handled by the short messaging system during the first quarter of 2001 surged to 2.65 billion. Further growth in revenues is now flowing from the increasing popularity of other value-added data services, particularly Smart zed and Smart Money.

Smart's cellular subscribers surged to 3,492,104 at March 31, 2001, from 1,366,236 at March 31, 2000 and from 2,858,479 at December 31, 2000. Piltel's cellular subscribers also rose strongly to 744,197 at March 31, 2001, from 483,407 at March 31, 2000, and from 656,814 at December 31, 2000. As of March 31, 2001, a total of 499,608 subscribers had signed up for Piltel's GSM service, Talk 'N Text.

Fixed Line

The Group's fixed line business registered a 26.5 per cent revenue growth compared to the first quarter of 2000 largely as a result of currency-related adjustments in service rates and a higher average number of billed fixed lines. Fixed line service revenues for the first quarter of 2001 grew by more than P1.1 billion to P5.4 billion from P4.3 billion for the same period in 2000. As a percentage of consolidated operating revenues, fixed line service revenues remained essentially unchanged at 29.8 per cent.

On a net basis, PLDT added 44,034 subscribers to its fixed line network in the first quarter of 2001, compared with net additions of 20,494 subscribers in the same quarter last year. The overall fixed line subscribers of the PLDT Group as of March 31, 2001 stood at 2,043,462, an increase of 78,585, or four per cent, from 1,964,877 subscribers at March 31, 2000. As of March 31, 2001, the number of subscribers to the pre-paid fixed line service, Teletipid, stood at 28,323.

International Long Distance

PLDT's total international long distance call volumes grew by 44.9 per cent to 577.3 million billed minutes in the first quarter of 2001 from 398.3 million billed minutes in the same period in 2000. Inbound call volumes increased by 46.7 per cent to 539.0 million billed minutes, while outbound call volumes grew by 24.4 per cent to 38.3 million billed minutes. Revenues generated from inbound call traffic accounted for 74 per cent of PLDT's international long distance revenues for the first quarter of 2001, as compared with 65 per cent for the same period in 2000.

Despite the strong growth in call volumes, declining rates resulted in a P150.5 million reduction in international long distance service revenues to P3.2 billion. This is equivalent to a 4.4 per cent reduction compared to the revenues gathered in the first quarter of 2000.

National Long Distance

During the first quarter of 2001, PLDT registered 734.9 million billed minutes of national long distance calls, down by 9.3 per cent from 810.7 million billed minutes registered during the same period a year earlier.

National long distance service revenues for the first quarter decreased by P690.2 million, or 23.3 per cent, to P2.3 billion from P3.0 billion for the same period a year earlier. As a percentage of consolidated operating revenues, national long distance service revenues dropped to 12.6 per cent in the first quarter of 2001 from 20.6 per cent in the same quarter of last year.

Responding to the challenging and competitive market conditions, PLDT initiated a significant rationalization of its national long distance rates structure on May 1, 2001, and introduced a new flat rate of P3.00 per minute for calls made between any two PLDT fixed lines.

Data and Other Network Services

Revenues from data and other network services for the first quarter of 2001 amounted to P1.1 billion, an increase of P407.9 million, or 61.1 per cent, from P667.9 million for the same quarter of the prior year. These revenues accounted for 5.9 per cent of consolidated operating revenues in the first quarter of 2001, compared with 4.6 per cent in the same period of last year.

Recently, PLDT launched IP VPN, the first nationwide network-based IP Virtual Private Network solution in the Philippines and the latest service offering under the BRAINS networking service brand. With IP VPN, corporate customers of PLDT can now have a secure way to access corporate network resources over shared IP networks.

Consolidated Operating Expenses

Operating expenses on a consolidated basis for the first quarter of 2001 totaled P14.3 billion, an increase of P2.3 billion, or 19.2 per cent, over the consolidated expenses of P12.0 billion for the same quarter of last year. Contributing largely to this increase were higher non-cash charges, particularly depreciation and amortization.

The following table shows the breakdown of the total consolidated operating expenses for the three months ended March 31, 2001 and 2000 and the percentage contribution of each expense item to the total:

Three Months Ended March 31, (Pesos in Millions)	2001		2000	
	₱	%	₱	%
Depreciation and amortization	5,434.2	37.9	4,141.3	34.4
Compensation and benefits	2,263.5	15.8	2,226.3	18.5
Selling and promotions	1,913.3	13.3	2,165.7	18.0
Maintenance	1,014.0	7.1	956.5	7.9
Provision for doubtful accounts	865.3	6.0	625.8	5.2
Rent	526.3	3.6	356.7	3.0
Other operating costs	2,336.3	16.3	1,568.8	13.0
Total	14,352.9	100.0	12,041.1	100.0

Other Expenses

On a consolidated basis, other expenses, net of other income, increased by P1.2 billion, or 60.8 per cent, to P3.1 billion in the first quarter of 2001 from P1.9 billion in the same period in 2000. The increase was mainly due to higher interest charges on dollar-denominated debts and the effect of a one-off gain arising from the termination of a foreign currency swap agreement in the first quarter of 2000 that was not repeated in 2001.

Net Income & EBITDA

Net income on a consolidated basis for the first quarter of 2001 increased considerably by P518.9 million, or 471.7 per cent, to P628.9 million from P110.0 million for the same period in 2000. In contrast to the loss of P1.11 per common share in the first quarter of 2000, there were resulting earnings of P1.74 per common share, both basic and diluted in the first quarter of 2001, after taking into consideration the dividend payments to PLDT's preferred shareholders.

Consolidated EBITDA (earnings before interest, taxes, depreciation and amortization) increased by P2.0 billion, or 25.6 per cent, to P9.9 billion in the first quarter of 2001 from P7.9 billion in the same period in 2000. EBITDA margin remained relatively flat at 55 per cent, reflecting the Group's continued strong cashflow.

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

“PLDT’s bold strategy of foregoing income growth in the first half of 2000 while it was building the strategic foundations for future growth is now paying off with substantial increases in revenues and profits.

“We have made a good start to the year and I am particularly pleased by the very strong growth in subscriber numbers achieved at Smart and Piltel. PLDT Wireless and PLDT Fixed Line are now the clear market leaders in every sector of their operations.

“While there will always be challenges to some parts of the business as consumer preferences change and new technologies replace the old, PLDT is now demonstrating that it can adapt to those challenges and build new businesses from them. The launch of PLDT Global is yet another example of the bold initiatives we are prepared to take in order to build a world class telecommunications and multi-media group.”

Announcing the Launch of PLDT Global

To position itself as a global telecommunications player, PLDT has formed PLDT Global. Through this wholly owned subsidiary, PLDT is aggressively establishing its presence in key cities worldwide to be able to deliver inter-regional and international services at highly competitive prices.

This global point of presence (“GPoP”) strategy will also help to mitigate the impact of declining accounting and termination rates for inbound traffic, maximize the use of existing international facilities, collect inbound international traffic at source, and develop alternative sources of revenue, such as handling third country-to-third country and inter-regional services.

PLDT Global plans to establish 100 per cent-owned companies and secure telecom licenses in eight countries across three continents—North America, Europe and Asia. As of March 31, 2001, PLDT-US and PLDT-UK have already been established and are currently generating traffic to the Philippines. PLDT Global is also set to establish PLDT-owned companies in Singapore, Hong Kong and Australia by mid-2001, and in Japan, Taiwan and Korea by the end of the year.

Services and products to be offered initially by each PLDT Global subsidiary include switched voice services, transit and refile traffic, international private leased circuit, call center transport facilities, internet-based products, and prepaid cards. The traffic from these services will be both Philippine terminating and inter-country.

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Consolidated Operating Results for the Three Months ended March 31, 2001.

<i>(In Million Pesos)</i>	<u>PLDT</u>		<u>PLDT Consolidated</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenues	11,621	10,696	18,036	14,380
Expenses	<u>8,380</u>	<u>7,055</u>	<u>14,353</u>	<u>12,041</u>
Operating income	3,241	3,641	3,683	2,339
Other expenses - net	<u>2,542</u>	<u>1,050</u>	<u>3,088</u>	<u>1,920</u>
Income before tax	699	2,591	595	419
Provision for tax	<u>187</u>	<u>809</u>	<u>474</u>	<u>813</u>
Income (Loss) before minority interests	512	1,782	121	(394)
Minority interests	-	-	<u>508</u>	<u>504</u>
Net income	<u>512</u>	<u>1,782</u>	<u>629</u>	<u>110</u>
EBITDA	<u>6,498</u>	<u>7,099</u>	<u>9,869</u>	<u>7,857</u>

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