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**PLDT Earnings Rise in Third Quarter 2000**

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.

PLDT is the principal supplier of domestic and international telecommunications services in the Philippines. Based in Manila and listed on the Philippine Stock Exchange, PLDT is actively pursuing a convergence strategy and has three principal business groups – fixed line, wireless and e-commerce – providing a comprehensive menu of products and services across the most extensive broadband and integrated networks in the country.

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**PLDT**

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## **PLDT Earnings Rise in Third Quarter 2000**

**MANILA, Philippines, November 7, 2000...**The Philippine Long Distance Telephone Company ("PLDT") released today its unaudited operating results for the nine months ended September 30, 2000. The company's performance benefited from a sharp earnings increase in the third quarter of the year, which lifted PLDT's consolidated net income to P508 million for the nine months as a whole.

Net income in the third quarter increased to P386 million, up from P12 million in the second quarter. The increase was largely a result of a significant return to profitability by subsidiary Smart Communications Inc. ("SMART") and a small improvement in performance by Pilipino Telephone Corporation ("Piltel").

### **Operational Results for the Nine Months to September 30, 2000.**

- SMART and Piltel enjoyed record increases in subscriber numbers during the third quarter and saw their combined cellular customer base accelerate past three million during September. This remarkable achievement was the result of a surge in demand for the GSM services offered by the two mobile companies.
- As of September 30, SMART and Piltel had acquired more than two million subscribers on their GSM network, including more than 750,000 new subscribers in the third quarter of 2000 alone.
- International long distance call volumes grew by 110 per cent to 1,475 million billed minutes in the first nine months of 2000 from 700 million billed minutes in the same period in 1999. Inbound call volumes surged by 127 per cent to 1,378 million billed minutes, while outbound call volumes increased by four per cent to 97 million billed minutes.
- Notwithstanding strong volume growth, international long distance service revenues for the first nine months of 2000 fell by 15.8 per cent, to P9.8 billion from P11.7 billion in 1999.
- Fixed line service revenues for the first nine months of 2000, including Piltel's and SMART's fixed line service revenues of P467 million and P141 million, respectively, grew by P1.7 billion, or 14.2 per cent, to P13.7 billion from P12 billion for the same period in 1999.
- Including 35,000 subscribers acquired from SMART, PLDT added 127,000 subscribers to its fixed line network on a net basis during the first nine months of 2000, compared with a net increase of 125,000 during last year's comparable period.
- The total number of subscribers to PLDT's and Piltel's fixed line services stood at 1.97 million as of September 30, 2000.

- *Teletipid*, the country's first prepaid fixed line service, was launched in August 2000 to address billing and collection problems, maximize the utilization of excess line capacities, and provide the market with a quality service at an affordable price.
- The ratio of fixed lines per employee of the PLDT group increased to 143 as of September 30, 2000 from 124 a year earlier.
- National long distance call volumes increased by 17 per cent to 2,443 million billed minutes in the first nine months of 2000 compared to a year earlier while revenues increased by P459 million, or six per cent, to P8 billion.
- Revenues from data and other network services increased by 43 per cent, to P2.35 billion in the first nine months of 2000 from P1.64 billion in the same period last year.
- ePLDT was formally registered in August 2000 as the principal corporate vehicle for PLDT's Internet, e-commerce and multimedia initiatives and ventures including the cable television operator, Home Cable, and the Company's Internet service provider, Infocom.
- ePLDT has already established VITRO, a new Internet Data Center that will provide co-location services, hosting, business continuity services, security solutions or applications services with secure and reliable high bandwidth internet access for its customers. The center will launch its commercial operations in November 2000.
- The "broadbanding" of PLDT's copperwire network has commenced with the introduction of ADSL technology in key commercial and residential districts of Metro Manila.

#### **Financial Results for the Nine Months to September 30, 2000.**

For PLDT itself, before consolidating the results of its subsidiaries, revenues in the first nine months of 2000 increased to P32.5 billion, an increase of four per cent over the P31.3 billion recorded in the first nine months of 1999.

Earnings before interest, tax, depreciation and amortization (EBITDA) rose by 14 per cent to P20.5 billion this year from P18.0 billion in the first nine months of 1999. EBITDA margin for the first nine months of 2000 stood at a healthy 63 per cent. Net income rose by 12 per cent to P4.4 billion from P3.9 billion in the first three quarters of 1999.

On a consolidated basis, revenues rose by 11 per cent from P41 billion in the first nine months of 1999 to P45.3 billion for the comparable period in 2000. This increase was mainly driven by the robust growth in PLDT's cellular business. The Company's two cellular subsidiaries, SMART and Piltel, contributed P9.8 billion and P2.2 billion, respectively, to consolidated operating revenues.

EBITDA increased by two per cent from P23.6 billion to P24.1 billion. Consolidated EBITDA margin for the first nine months of 2000 stood at 53.2 per cent. Net income fell by 82.1 per cent from P2.8 billion to P508 million, largely as a result of the significantly higher marketing and promotional expenses incurred by SMART and Piltel during the first nine months of the year.

### **Revenue Profile, Nine Months to September 30, 2000.**

On a consolidated basis, revenues during the first nine months of 2000 amounted to P45.3 billion. With the exception of International Long Distance, all business lines enjoyed an increase in revenues: Cellular rose by 44.1 per cent; Data and Other Services by 43 per cent, Fixed Line 14.2 per cent and National Long Distance six per cent. Despite a substantial increase in the volume of traffic, International Long Distance revenues fell 15.8 per cent due to lower accounting rates for inbound calls and reduced tariffs for outbound calls.

The effect of these changes has been further progress in PLDT's stated objective of diversifying its revenue mix. Fixed line or local services are still the single largest revenue source at 30.2 per cent but, significantly, revenues from mobile services (23.8 per cent) have now overtaken international revenues (21.7 per cent) in second place.

National Long Distance (17.9 per cent) and the fast-growing Data and Other Services (5.2 per cent) make up the remainder.

The table below shows the breakdown of consolidated operating revenues for the first nine months of 2000, as compared to the same period in 1999:

<b>In Million Pesos</b>	<b>Nine Months Ended September 30,</b>	
	<b>2000</b>	<b>1999</b>
Fixed line.....	13,715.4	12,010.9
Cellular.....	10,781.5	7,484.0
International long distance .....	9,825.3	11,667.9
National long distance.....	8,114.2	7,654.8
Data and other services .....	2,348.5	1,642.7
Miscellaneous .....	559.7	475.8
<b>Total</b>	<b>45,344.6</b>	<b>40,936.1</b>

## **Expense Profile, Nine Months to September 30, 2000**

On a stand-alone basis, PLDT's operating expenses for the first nine months of 2000 totaled P21.3 billion, an increase of four per cent over the P20.5 billion in the first nine months of 1999, principally as a result of increasing depreciation outweighing savings made in other areas.

Consolidated operating expenses for the first nine months of 2000 increased by 22 per cent or P6.6 billion to P36.9 billion from P30.3 billion in the first nine months 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.**

"I am delighted to report that the aggressive marketing strategy adopted by our mobile subsidiaries, SMART and Piltel, is now reaping benefits both in terms of subscriber numbers and, in the case of SMART, a welcome return to profitability during each of the three months in the third quarter.

"From a zero share of the GSM market in April 1999, we have established ourselves as a formidable force in just 18 months and are continuing to enjoy exceptional growth even at a time when our subscriber acquisition costs have been substantially reduced.

"Altogether, we now have more than three million mobile subscribers – more than double the number at the start of the year – and we remain not only the largest mobile group in the country but easily the fastest growing too.

"Network expansion on this scale required a tremendous effort by all of our staff and it is to their credit that we have always maintained a comfortable surplus of capacity over demand at all times.

"It is thanks to their contribution that the wireless business has grown into our second most important source of revenues, and that is all the more pleasing when, as expected, there is pressure on the revenue flow from international services.

"The rate of growth of the fixed line subscriber base is also showing some signs of easing as the national economy comes under pressure. However, notwithstanding the current macroeconomic problems facing the Philippines, the earnings outlook for the final quarter of 2000 still looks more promising than that achieved in the fourth quarter of 1999."

**Consolidated Operating Results (Unaudited) for the Nine Months to September 30.**  
*(In million pesos)*

	<u>PLDT</u>		<u>PLDT Consolidated</u>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
<b>Revenues</b>	32,501	31,312	45,345	40,936
<b>Expenses</b>	<u>21,326</u>	<u>20,496</u>	<u>36,877</u>	<u>30,275</u>
<b>Operating income</b>	11,175	10,816	8,468	10,661
<b>Other expenses</b>	<u>4,900</u>	<u>5,132</u>	<u>7,723</u>	<u>7,435</u>
<b>Provision for tax</b>	<u>1,889</u>	<u>1,781</u>	<u>1,905</u>	<u>1,799</u>
<b>Income (Loss) before minority interests</b>	4,386	3,903	(1,161)	1,426
<b>Minority interests</b>	-	-	<u>1,669</u>	<u>1,409</u>
<b>Net income</b>	<u>4,386</u>	<u>3,903</u>	<u>508</u>	<u>2,835</u>
<b>EBITDA</b>	<u>20,486</u>	<u>17,957</u>	<u>24,112</u>	<u>23,595</u>

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