



FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)

Press Release

Tuesday, 4 August 2015

PLDT 1H2015 Results

**Consolidated revenues stable at P85.2 billion
Consolidated service revenues of P81.2 billion, 2% lower than 1H2014
Consolidated data and broadband revenues up 13% to P23.0 billion**

**1H2015 core net income at P18.9 billion, down 5%
1H2015 reported net income at P18.7 billion, lower by 6%**

**Consolidated EBITDA at P35.5 billion
EBITDA margin at 44%**

**PLDT group subscriber base now at about 76 million
Total broadband subscribers at 4.9 million, up 19% from YE2014
Cellular subscriber base at 68.9 million
Combined wireless subscriber base at 72.5 million
Postpaid cellular subscriber base now over 3.0 million
Postpaid revenues 23% of cellular revenues
Enterprise revenues continue strong momentum, up 14% to P5.3 billion**

**Interim regular dividend payout of P65 per share,
representing 75% of 1H2015 core earnings**

The attached press release was distributed today in Manila by Philippine Long Distance Telephone Company ("PLDT"), in which First Pacific Group holds an economic interest of approximately 25.6%.

PLDT is the leading telecommunications provider in the Philippines. Its shares are listed on the Philippine Stock Exchange and its American Depositary Receipts are listed on the New York Stock Exchange. It has one of the largest market capitalizations among Philippine listed companies. Through its principal business groups, PLDT offers a wide range of telecommunications services: Wireless (principally through subsidiary companies, Smart Communications, Inc. and Digital Mobile Philippines, Inc. ("Sun")) and Fixed Line (principally through PLDT, ePLDT and Digital Telecommunications Philippines, Inc. ("Digitel")). PLDT operates the Philippines' most extensive fiber optic backbone, and fixed line and cellular networks.

Further information on PLDT can be found at www.pldt.com

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CONSOLIDATED REVENUES STABLE AT ₱85.2 BILLION
CONSOLIDATED SERVICE REVENUES OF ₱81.2 BILLION,
2% LOWER THAN 1H2014
CONSOLIDATED DATA AND BROADBAND REVENUES UP 13% TO ₱23.0 BILLION

1H2015 CORE NET INCOME AT ₱18.9 BILLION, DOWN 5%
1H2015 REPORTED NET INCOME AT ₱18.7 BILLION, LOWER BY 6%

CONSOLIDATED EBITDA AT ₱35.5 BILLION
EBITDA MARGIN AT 44%

PLDT GROUP SUBSCRIBER BASE NOW AT ABOUT 76 MILLION
TOTAL BROADBAND SUBSCRIBERS AT 4.9 MILLION, UP 19% FROM YE2014
CELLULAR SUBSCRIBER BASE AT 68.9 MILLION
COMBINED WIRELESS SUBSCRIBER BASE AT 72.5 MILLION
POSTPAID CELLULAR SUBSCRIBER BASE NOW OVER 3.0 MILLION;
POSTPAID REVENUES 23% OF CELLULAR REVENUES
ENTERPRISE REVENUES CONTINUE STRONG MOMENTUM,
UP 14% TO ₱5.3 BILLION

INTERIM REGULAR DIVIDEND PAYOUT OF ₱65 PER SHARE,
REPRESENTING 75% OF 1H2015 CORE EARNINGS

- Consolidated revenues were stable at ₱85.2 billion
- Consolidated service revenues declined by 2% or ₱1.4 billion to ₱81.2 billion
- Consolidated EBITDA down by 7% at ₱35.5 billion; consolidated EBITDA margin at 44% of service revenues
- Consolidated Core Net Income of ₱18.9 billion for 1H2015, 5% or ₱0.9 billion lower than ₱19.8 billion in 1H2014
- Reported Net Income for 1H2015 of ₱18.7 billion, ₱1.3 billion or 6% lower than ₱20.0 billion in 1H2014
- Consolidated free cash flow at ₱16.9 billion for 1H2015
- Combined wireless subscriber base at 72.5 million
- Total broadband subscribers at 4.9 million; aggregate revenue contribution from broadband, data and internet services at ₱23.0 billion for 1H2015, 13% up from last year
- 57% of fixed line service revenues (net of interconnection costs) and 18% of wireless service revenues are derived from data and broadband; Enterprise revenues continue strong momentum, up 14% to ₱5.3 billion

MANILA, Philippines, 4th August 2015 — Philippine Long Distance Telephone Company (“PLDT”) (PSE: TEL) (NYSE: PHI) today announced its unaudited financial and operating results for the first six months of 2015 with Consolidated Core Net Income, before exceptional items, amounting to ₱18.9 billion, 5% or ₱0.9 billion lower than the ₱19.8 billion recorded in the

same period last year. The decrease was due mainly to lower EBITDA reflecting the impact of expenses relating to the manpower reduction program, and higher financing costs, offset by gain from the sale of Meralco shares by Beacon.

Reported Net Income, after reflecting exceptional transactions for the period, declined 6% to ₱18.7 billion, from ₱20.0 billion in the first half of 2014, as a result of the dip in core net income and net foreign exchange and derivative losses.

EBITDA margin for the period was at 44%. Consolidated EBITDA for the first six months of 2015 was 7% lower at ₱35.5 billion compared with the same period last year due to lower service revenues from the wireless business, higher cash operating expenses, which include the costs arising from the manpower reduction program, and higher provisions.

Consolidated service revenues for the period dropped by 2% to ₱81.2 billion, as revenues from the international and national long distance (ILD/NLD) segments continued their decline. Excluding ILD/NLD revenues of ₱10.2 billion, consolidated service revenues grew by 1% year-on-year, from ₱69.9 billion to ₱70.9 billion.

Consolidated free cash flow for the first half of 2015 stood at ₱16.9 billion. Consolidated capital expenditures for the period amounted to ₱13.9 billion, nearly ₱6 billion higher than the capex level in the same period last year as investments were made in support of:

- Improved 3G and 4G access networks
- Increased fiber reach and capacity
- Enhanced indoor and outdoor coverage
- Continued network optimization
- Augmented network resiliency and redundancy
- Increased data center capacity
- Unified Smart-Sun network project to build operational efficiency

The Group's consolidated net debt remained stable at US\$2.3 billion as at 30th June 2015, with net debt to EBITDA higher at 1.43x. Gross debt amounted to US\$3.2 billion. The Group's debt maturities continue to be well spread out, with over 60% due after 2017. The percentage of U. S. dollar-denominated debt to the Group's total debt portfolio is at 48%. Taking into account our peso borrowings, our hedges and our U. S. dollar cash holdings, only 32% of total debt remains unhedged. The Group's cash and short-term securities are invested primarily in bank placements and Government securities. PLDT was the first Philippine company to be rated "investment grade" by three major international ratings agencies, namely Fitch Ratings, Moody's and Standard and Poor's.

Earlier today, the Company's Board of Directors declared an interim regular dividend of ₱65 per share, representing 75% of First Half 2015 Core Earnings.

Consumer

The digital age has blurred the lines of the traditional separation between wireless and fixed line subscribers. More and more, digital consumers require seamless access and connectivity between "home and away". Accordingly, PLDT has realigned its business segments to reflect this evolution and now looks at its wireless and fixed subscribers through the same digital lens.

All our offerings are premised on providing our consumers "Entertainment Everywhere, Convenience Everywhere, Peace of Mind Everywhere". Our recent content partnerships,

launched in the second quarter of 2015, serve both homes and individuals, both on a stand-alone and bundled basis. PLDT invested US\$15 million in iFlix, a Subscription Video on Demand service that has more than 11,000 hours of top TV shows and movies in its portfolio. iFlix also recently signed a landmark agreement with The Walt Disney Company (Southeast Asia) to carry the latter's content as well. iFlix is currently available in the Philippines and Malaysia and will soon penetrate Thailand, Indonesia and Vietnam. This was followed by an agreement with Fox International which will enable the PLDT Group's subscribers to enjoy Fox content via live and catch-up TV as well as Video on Demand. PLDT believes that content is the key to increased data/broadband usage, thereby fuelling revenue growth.

Data and Broadband Revenues

(Php in millions)

	Year-to-date			Quarter-on-Quarter		
	1H2015	1H2014	% Change	2Q2015	2Q2014	% Change
Wireless broadband	5,161	4,938	5%	2,655	2,490	7%
Fixed broadband	7,767	6,841	14%	3,959	3,375	17%
Mobile internet	4,778	3,961	21%	2,543	2,089	22%
Corp. Data and Data Center	5,313	4,663	14%	2,685	2,369	13%
Total Data and broadband revenues	23,019	20,403	13%	11,842	10,323	15%

The Group's combined broadband subscriber base reached 4.9 million at the end of June 2015, 3.7 million of whom use wireless broadband mainly from *Smart Broadband*, Smart's wireless broadband service offered through its wholly-owned subsidiary Smart Broadband, Inc. Another 1.2 million users subscribe to PLDT's fixed broadband service.

Fixed Line Service Revenues, Net of Interconnection Costs

(Php in millions)

	Year-to-date			Quarter-on-Quarter		
	1H2015	1H2014	% Change	2Q2015	2Q2014	% Change
Fixed line voice - domestic	8,445	8,241	2%	4,249	4,132	3%
Fixed Line - International and NLD	3,294	3,884	-15%	1,655	1,919	-14%
Fixed Broadband	7,774	6,846	14%	3,962	3,378	17%
Corp. Data and Data center	8,527	7,883	8%	4,283	4,004	7%
Miscellaneous	755	668	13%	362	344	5%
Total Fixed Line service revenues	28,795	27,522	5%	14,511	13,777	5%

The fixed line subscriber base reached about 2.3 million at the end of the first half of 2015, about 53% of whom have fixed broadband subscriptions.

Wireless Service Revenues

(Php in millions)

	Year-to-date			Quarter-on-Quarter		
	1H2015	1H2014	% Change	2Q2015	2Q2014	% Change
SMS and VAS	20,043	21,241	-6%	9,824	10,498	-6%
Cellular voice	23,514	25,757	-9%	11,599	12,946	-10%
Broadband and internet	9,983	8,950	12%	5,220	4,604	13%
Digital	510	419	22%	245	272	-10%
Others	1,543	1,708	-10%	819	794	3%
Total Wireless service revenues	55,593	58,075	-4%	27,707	29,114	-5%

Postpaid revenues now account for 23% of total cellular revenues, having improved by 12% to ₱11.6 billion for the first six months of 2015.

The PLDT Group's total cellular subscriber base at the end of the period stood at 68.9 million, broken down as follows: Smart had 25.3 million subscribers under its mainstream *Smart* brands; value brand *Talk 'N Text* ended with 27.9 million subscribers; and there were 15.6 million *Sun Cellular* subscribers.

The Group's combined postpaid cellular subscriber base grew by over 461,000 from the first half of 2014 or over 253,000 from the end of 2014, rising to just over 3.0 million at the end of the period, while the combined prepaid base stood at 65.8 million.

"PLDT will capitalize on its unique ability to offer a seamless, connected consumer experience to our subscribers who are rapidly evolving to the digital space. Our value proposition will provide connectivity + entertainment + peace-of-mind + convenience," stated **Napoleon L. Nazareno, PLDT President and CEO.**

Enterprise

The PLDT Group is also uniquely positioned to serve the Enterprise sectors offering a suite of business solutions for corporates and small and medium enterprises (SMEs) powered by the PLDT network, including six data centers that offer co-location, server hosting/outsourcing, disaster recovery, connectivity and data scrubbing. These centers are telco-grade, carrier-neutral and vendor-agnostic with an aggregate rack capacity that is the largest in the country.

Consolidated corporate data and other network services were higher 14% at ₱5.3 billion, riding on the 12% growth in corporate data and a 26% jump in data center revenues,

"The upward momentum in the Enterprise segment continues, underpinned by revenues from data-rich business solutions, data center, as well as from emerging cloud and big data services," added **Nazareno.**

Multimedia/Content

Signal TV has established itself as the country's premier and largest pay TV provider. It continues to lead the industry with over 938,000 subscribers at the end of the first half of 2015, a 24% growth versus the same period last year and maintaining its lead over the 20-year incumbent. Revenues grew 55% compared with the first half of 2014. In April 2015, Signal signed up with Bloomberg TV to launch Bloomberg Television Philippines, which will become the first 24-hour business channel in late 2015. It is also adding more original channels and creating its own content via a partnership with Viva Productions.

Digital

The innovation teams at Voyager Innovations, Inc. (Voyager) and Smart e-Money, continue to churn out pioneering products in the digital space. Voyager generated consolidated revenues of over ₱500 million in the first six months of 2015 mainly from fintech/Smart Money, up by 21% from the same period last year.

Smart e-Money, for its part, continues to extend its reach. With a throughput of ₱83.7 billion in the first six months of 2015, it is the biggest domestic remittance platform in the Philippines. In addition, its payment gateway is being used by companies such as Zalora and Easy Taxi, with further launches in four Asian countries in the pipeline. It also recently entered into a partnership with Xoom, a leading digital money/remittance provider in the United States, for bills presentment.

On the e-commerce side, TackThis has a community of about 23,000 merchants who have registered for online store front services, while Takatak, an online centralized marketplace, already features over 295,000 products.

On the mobile financial solutions side, *LockByMobile*, an app which allows a mobile user to protect his credit card accounts from widespread fraud using one's mobile phone, is under evaluation by a number of global financial service providers.

"Voyager will continue to generate a pipeline of possible "future winners", including platforms, that could enhance PLDT's value proposition," stated **Orlando B. Vea, Voyager President and CEO.**

Conclusion

"The rapid decline in our toll revenues continues to bear down heavily on our medium-term revenue growth, with the onslaught of the Internet causing adverse substitution. The annualized impact of this decrease is ₱4 - ₱5.0 billion for the full year 2015 and toll traffic could reduce even faster in the coming months as smart phone penetration accelerates.

Notwithstanding this drag from our legacy businesses, we need to focus on enhancing our customers' digital experience. This will involve build out of our 3G and 4G/LTE networks, enhancing network resiliency to ensure operational reliability, stability and quality of service, revamp of our service development platforms to handle more data-centric offers, and re-organization of our branding across the board with a view to positioning each brand better and optimizing the value of each brand.

Consequently, capex levels will remain elevated in 2015, and in 2016, at the least.

Our goal is to be nothing less than the consumer's preferred digital services provider. And we will achieve this by offering the consumer a superior value proposition by continuously broadening the array of our products and service offers, including leveraging on fixed and wireless assets, underpinned by a network that will enable a quality customer experience. We are investing heavily in the "digital spine" for our networks and platforms that will serve as the foundation for this transformative process and we expect to see the benefits of these initiatives to fully manifest themselves by 2016 at the earliest," concluded **Manuel V. Pangilinan, PLDT Chairman.**

	PLDT Consolidated					
	Six months ended June 30			Three months ended June 30		
<i>(unaudited)</i>	2015	2014	% Change	2015	2014	% Change
Total revenues	85,191	85,461	-	42,638	42,897	(1%)
<i>Service revenues</i>	<i>81,159</i>	<i>82,563</i>	<i>-2%</i>	<i>40,611</i>	<i>41,325</i>	<i>(2%)</i>
Expenses	64,158	62,423	3%	33,723	32,090	5%
Income before income tax	24,173	26,236	(8%)	11,917	14,099	(15%)
Provision for income tax	5,424	6,235	(13%)	2,566	3,490	(26%)
Net income - attributable to equity holders of PLDT	18,729	20,023	(6%)	9,342	10,644	(12%)
Core net income ^(a)	18,928	19,834	(5%)	9,648	10,072	(4%)
EPS (based on net income - attributable to equity holders of PLDT)						
EPS, Basic	86.55	92.54	(6%)	43.17	49.20	(12%)
EPS, Diluted	86.55	92.54	(6%)	43.17	49.20	(12%)
EPS (based on Core Net Income)						
EPS, Basic	87.48	91.66	(5%)	44.60	46.54	(4%)
EPS, Diluted	87.48	91.66	(5%)	44.60	46.54	(4%)

^(a) *Net income as adjusted for the net effect of gain/loss on FX, derivative transactions, and other non-recurring gain/loss.*

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in million pesos)

	As at June 30, 2015	As at December 31, 2014
	(Unaudited)	(Audited)
<u>ASSETS</u>		
Noncurrent Assets		
Property, plant and equipment	190,790	191,984
Investments in associates, joint ventures and deposits	45,507	42,046
Available-for-sale financial investments	20,364	28,086
Investment in debt securities and other long-term investments – net of current portion	972	960
Investment properties	1,810	1,816
Goodwill and intangible assets	72,875	72,842
Deferred income tax assets – net	17,315	17,131
Derivative financial assets – net of current portion	158	94
Prepayments – net of current portion	3,208	2,924
Advances and other noncurrent assets – net of current portion	3,370	3,218
Total Noncurrent Assets	356,369	361,101
Current Assets		
Cash and cash equivalents	37,205	26,659
Short-term investments	1,548	643
Trade and other receivables	22,860	29,151
Inventories and supplies	4,621	3,706
Current portion of derivative financial assets	2	2
Current portion of investment in debt securities and other long-term investments	32	295
Current portion of prepayments	7,133	6,406
Current portion of advances and other noncurrent assets	8,328	8,332
Total Current Assets	81,729	75,194
TOTAL ASSETS	438,098	436,295
<u>EQUITY AND LIABILITIES</u>		
Equity		
Non-voting serial preferred stock	360	360
Voting preferred stock	150	150
Common stock	1,093	1,093
Treasury stock	(6,505)	(6,505)
Capital in excess of par value	130,521	130,521
Retained earnings	16,933	17,030
Other comprehensive income	(18,154)	(8,285)
Total Equity Attributable to Equity Holders of PLDT	124,398	134,364
Noncontrolling interests	308	304
TOTAL EQUITY	124,706	134,668

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND SUBSIDIARIES

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

	As at June 30, 2015 (Unaudited)	As at December 31, 2014 (Audited)
Noncurrent Liabilities		
Interest-bearing financial liabilities – net of current portion	126,991	115,400
Deferred income tax liabilities – net	4,375	4,427
Derivative financial liabilities – net of current portion	1,266	1,460
Customers’ deposits	2,448	2,438
Pension and other employee benefits	12,008	13,131
Deferred credits and other noncurrent liabilities	18,407	21,924
Total Noncurrent Liabilities	165,495	158,780
Current Liabilities		
Accounts payable	43,548	40,923
Accrued expenses and other current liabilities	82,719	82,678
Current portion of interest-bearing financial liabilities	16,747	14,729
Provision for claims and assessments	897	897
Dividends payable	1,122	1,070
Current portion of derivative financial liabilities	355	254
Income tax payable	2,509	2,296
Total Current Liabilities	147,897	142,847
TOTAL LIABILITIES	313,392	301,627
TOTAL EQUITY AND LIABILITIES	438,098	436,295

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS For the Six Months Ended June 30, 2015 and 2014

(in million pesos, except earnings per common share amounts which are in pesos)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2015	2014*	2015	2014*
(Unaudited)				
REVENUES				
Service revenues	81,159	82,563	40,611	41,325
Non-service revenues	4,032	2,898	2,027	1,572
	85,191	85,461	42,638	42,897
EXPENSES				
Depreciation and amortization	13,945	14,490	7,049	7,285
Compensation and employee benefits	11,315	10,443	6,334	5,283
Cost of sales	7,688	6,925	3,984	3,476
Repairs and maintenance	7,452	7,111	3,785	3,627
Interconnection costs	5,189	5,195	2,606	2,572
Selling and promotions	5,057	4,928	3,040	2,815
Professional and other contracted services	3,973	3,759	2,047	1,967
Rent	3,019	3,233	1,561	1,699
Taxes and licenses	2,176	1,947	1,125	1,026
Asset impairment	1,707	1,421	841	784
Insurance and security services	914	906	454	458
Communication, training and travel	646	759	335	371
Amortization of intangible assets	542	574	274	288
Other expenses	535	732	288	439
	64,158	62,423	33,723	32,090
	21,033	23,038	8,915	10,807
OTHER INCOME (EXPENSES)				
Equity share in net earnings of associates and joint ventures	2,234	2,083	1,581	1,367
Interest income	364	395	180	203
Gains (losses) on derivative financial instruments – net	89	(164)	59	(351)
Foreign exchange gains (losses) – net	(439)	459	(482)	1,194
Financing costs – net	(2,937)	(2,498)	(1,402)	(1,174)
Other income – net	3,829	2,923	3,066	2,053
	3,140	3,198	3,002	3,292
INCOME BEFORE INCOME TAX	24,173	26,236	11,917	14,099
PROVISION FOR INCOME TAX	5,424	6,235	2,566	3,490
NET INCOME	18,749	20,001	9,351	10,609
ATTRIBUTABLE TO:				
Equity holders of PLDT	18,729	20,023	9,342	10,644
Noncontrolling interests	20	(22)	9	(35)
	18,749	20,001	9,351	10,609
Earnings Per Share Attributable to Common Equity Holders of PLDT				
Basic	86.55	92.54	43.17	49.20
Diluted	86.55	92.54	43.17	49.20

* Certain comparative information for the six months ended June 30, 2014 were reclassified to conform with the current presentation.

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

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About PLDT

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

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

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