

**9M2013 CORE NET INCOME AT ₱28.8 BILLION, UP ₱1.1 BILLION OR 4%
9M2013 REPORTED NET INCOME AT ₱29 BILLION, 2% UP
CONSOLIDATED SERVICE REVENUES AT ₱121.6 BILLION, 2% HIGHER
CONSOLIDATED EBITDA UP ₱2.3 BILLION OR 4% TO ₱59.6 BILLION,
EBITDA MARGIN AT 49%
FREE CASH FLOW HIGHER BY ₱3.2 BILLION TO ₱32.9 BILLION
CELLULAR SUBSCRIBER BASE AT 72.5 MILLION, UP 4% FROM YE 2012
TOTAL BROADBAND SUBSCRIBERS AT 3.3 MILLION
FIRST PH COMPANY RATED INVESTMENT GRADE BY ALL THREE
INTERNATIONAL RATING AGENCIES**

- Consolidated Core Net Income of ₱28.8 billion for 9M2013, ₱1.1 billion or 4% higher than ₱27.7 billion in 9M2012
- Consolidated Reported Net Income for 9M2013 at ₱29.0 billion, 2% up from the ₱28.4 billion in 9M2012
- Consolidated service revenues increase 2% to ₱121.6 billion
- Consolidated EBITDA margin up to 49% of service revenues; consolidated EBITDA higher by 4% at ₱59.6 billion
- Consolidated free cash flow grew by ₱3.2 billion to ₱32.9 billion for 9M2013
- Cellular subscriber base at 72.5 million, net additions of 2.6 million for the nine months
- Total broadband subscribers at 3.3 million; aggregate revenue contribution from broadband and internet services of ₱19.5 billion for 9M2013, 16% higher than last year

MANILA, Philippines, 5th November 2013 — Philippine Long Distance Telephone Company (“PLDT”) (PSE: TEL) (NYSE: PHI) today announced its unaudited financial and operating results for the first nine months of 2013 with Consolidated Core Net Income, before exceptional items, amounting to ₱28.8 billion, ₱1.1 billion or 4% higher than the ₱27.7 billion recorded in the first nine months of 2012. The increase was due mainly to higher service revenues and EBITDA, as well as lower depreciation.

Reported Net Income, after reflecting exceptional transactions for the period, was up 2% to ₱29.0 billion, from ₱28.4 billion in the same period in 2012. The increase was a result of the combined impact of higher core income, the gain from the sale of the BPO business, higher foreign exchange and derivative losses and the retroactive effect of the application of revised Philippine Accounting Standard (“PAS”) 19. The revised PAS 19 relates to the recognition of termination benefits arising from our manpower rightsizing programs (“MRP”) which resulted in a reversal of ₱1.3 billion of MRP expenses accrued in the fourth quarter of 2012 and the recognition of ₱1.3 billion of those expenses in the first nine months of 2013.

EBITDA margin for the period was at 49%, up from 48% in the same period last year and identical to the first half of 2013. Consolidated EBITDA for the first nine months of 2013 was 4% higher at ₱59.6 billion compared with the same period last year and stable quarter-to-quarter. EBITDA excludes the retroactive effect of the revised PAS 19 described above. Consolidated service revenues for the first nine months of 2013 grew 2% to ₱121.6 billion, as revenues from the data and internet business more than offset the declines from international and national long distance streams.

Consolidated free cash flow remained robust at ₱32.9 billion, higher by ₱3.2 billion year-on-year. Consolidated capital expenditures for the period amounted to ₱14.9 billion as the PLDT Group continues to fortify its network despite having completed its two-year network transformation program ahead of schedule. Full year capital expenditures are still expected to reach ₱29.0 billion. At the end of September, PLDT's total fiber footprint stood at more than 75,000 kilometers, inclusive of 7,200 kilometers of international submarine fiber, and over 4,000 kilometers of domestic submarine fiber.

The Group's consolidated net debt stood at US\$1.8 billion as at 30th September 2013. Gross debt amounted to US\$2.5 billion. Net debt to EBITDA was at 1.02x. The Company's debt maturities continue to be well spread out, with over 70% due in and after 2016. The percentage of US dollar-denominated debt to the Group's total debt portfolio is at 55%. Taking into account our peso borrowings, our hedges and our U. S. Dollar cash holdings, only 39% of total debt remains unhedged. The Group's cash and short-term securities are invested primarily in bank placements and Government securities. PLDT is the first Philippine company to be rated "investment grade" by all three (3) major international ratings agencies.

Subscriber Base

The PLDT Group's total cellular subscriber base as at 30th September 2013 was 72.5million subscribers, broken down as follows: Wireless subsidiary Smart Communications, Inc ("Smart") had 24.7 million subscribers under its mainstream *Smart* brands, while value brand *Talk 'N Text* ended with 31.9 million subscribers as a result of 3.5 million net additions from the end of 2012. Digitel had 15.8 million *Sun Cellular* subscribers.

The Group's combined postpaid cellular subscriber base grew by another 115,000 in the third quarter, similar to the net additions in the second quarter, and stood at 2.3 million at the end of the period, inclusive of *Sun Cellular's* 1.4 million postpaid customer count.

On the other hand, the Group's combined broadband subscriber base was 3.3 million at the end of the first nine months of 2013. *Smart Broadband*, Smart's wireless broadband service offered through its wholly-owned subsidiary Smart Broadband, Inc., had a wireless broadband subscriber base of over 1.8 million at the end of the period, about 1.3 million of whom were on *Smart Broadband's* prepaid service. In addition, *Sun Cellular* had a wireless broadband subscriber base of over 500,000. Meanwhile, PLDT's fixed broadband subscribers increased by over 100,000 for the first nine months of 2013, bringing the total fixed broadband subscriber base to 950,000, representing 46% of the fixed line subscriber base.

For the fixed line businesses of both PLDT and Digitel, the subscriber base remained at 2.1 million at the end of the first nine months of 2013.

Service Revenues

Smart and Sun Cellular together continue to lead the industry in terms of both revenues and subscribers. Wireless service revenues rose 2% to ₱86.4 billion for the first nine months of 2013, compared with the ₱84.7 billion recognized in the same period last year, reflecting the continued growth of non-SMS data and the stability of cellular voice and data revenues.

Total broadband and internet revenues for the first nine months of 2013 totaled ₱19.5 billion, a 16% growth rate year-on-year; broadband and internet now account for 16% of total group service revenues. Wireless broadband revenues, exclusive of mobile internet revenues, increased by 11% to ₱7.0 billion, compared with the ₱6.3 billion recorded last year. Moreover, mobile internet usage continues to grow strongly, with mobile internet revenues increasing by

55%, from ₱2.2 billion at the end of the first nine months of 2012 to ₱3.4 billion at the end of the first nine months of 2013. Revenues from mobile internet usage for the first three quarters of 2013 already exceed the ₱3.1 billion earned in 2012 for that segment

PLDT Group fixed broadband businesses generated ₱9.1 billion in revenues for the first nine months of 2013, up 9% from ₱8.4 billion in the same period in 2012.

“Smartphone penetration is now at 11%, and is especially encouraging in the postpaid sector where about 59% of subscribers now own a smartphone. We have also begun to tap the huge potential of the prepaid market with products and services that address affordability, in terms of both handsets and usage,” said **Orlando B. Vea, Smart Chief Wireless Adviser**. “In fact, we have already tweaked the pricing model our *Smart Music* service to make it even more affordable”, he added.

Smart Music is Smart’s ‘game-changing’ online music service. In partnership with MCA Music, Inc. and Sony Music Entertainment, *Smart Music* is an online portal that will make available more than three million tracks from MCA Music and Sony’s global catalog to *Smart*, *Talk ‘N Text* and *Sun* subscribers. Since its launch in July, close to a million unique visitors have accessed the *Smart Music* portal. The subscriptions can now be accessed via the mobile app, SPINNR. The first of its kind in the country, SPINNR powered by *Smart Music* offers more than just music downloads. It makes possible unlimited music streaming at the most affordable rates, playlist customization and access, and offers the best download discounts.

Fixed line service revenues for the first nine months of 2013 increased to ₱46.0 billion, or 4%, from ₱44.2 billion in 2012. PLDT enterprise data and fixed broadband revenues continued to grow on the back of a 9% increase in fixed broadband revenues and a 5% increase in third party corporate data revenues. Combined ILD, LEC and NLD businesses of PLDT registered a decline of ₱78 million from last year.

“The structural change in PLDT’s revenue mix has now reached an inflection point where our “growing” revenue streams, such as data and broadband, have outpaced our declining legacy businesses. The growth rates of the former are now more than double the latter’s rate of decline. With much of our core businesses in a stable state, we anticipate the upward trend of our revenues to continue,” declared **Napoleon L. Nazareno, President and CEO of PLDT and Smart**.

Conclusion

“The operating conditions in the first nine months of 2013 have been favorable for the industry as a whole. The competitive environment has remained intense but, with consolidation, has also allowed for growth. With the additional lift from the country’s positive economic situation, we are confident this is the year PLDT will turn the corner and return to a growth track,” concluded **Manuel V. Pangilinan, PLDT Chairman**.

PLDT Consolidated

	Nine months ended September 30			Three months ended September 30		
	2013	2012	% Change	2013	2012	% Change
	(unaudited)	(as adjusted)		(unaudited)	(as adjusted)	
Service revenues	<u>121,604</u>	<u>119,050</u>	<u>2%</u>	<u>40,567</u>	<u>39,321</u>	<u>3%</u>
Total revenues	124,585	121,363	3%	41,584	40,127	4%
Expenses	89,220	88,134	1%	30,115	29,261	3%
Income before income tax	33,197	36,268	(8%)	10,659	11,028	(3%)
Provision for income tax	6,271	8,272	(24%)	1,594	2,037	(22%)
Net income - attributable to equity holders of PLDT	<u>28,954</u>	<u>28,384</u>	<u>2%</u>	<u>9,247</u>	<u>9,102</u>	<u>2%</u>
Continued Operations	26,885	28,021	(4%)	9,041	8,985	1%
Discontinued Operations	2,069	363	470%	206	117	76%
Core net income ^(a)	<u>28,786</u>	<u>27,690</u>	<u>4%</u>	<u>9,391</u>	<u>9,249</u>	<u>2%</u>
Continued Operations	28,885	27,332	6%	9,391	9,142	3%
Discontinued Operations	(99)	358	(128%)	-	107	(100%)
EPS (based on net income - attributable to equity holders of PLDT)						
EPS, Basic	133.81	131.20	2%	42.72	42.07	2%
EPS, Diluted	133.81	131.20	2%	42.72	42.07	2%
EPS (based on Core Net Income)						
EPS, Basic	133.03	127.99	4%	43.39	42.75	1%
EPS, Diluted	133.03	127.99	4%	43.39	42.75	1%

^(a) Net income as adjusted for the net effect of gain/loss on FX, derivative transactions, PAS 19 adjustments on MRP costs and gain on sale of BPO business

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in million pesos)

	As at September 30, 2013	As at December 31, 2012	As at January 1, 2012
	(Unaudited)	(As Adjusted*)	
<u>ASSETS</u>			
Noncurrent Assets			
Property, plant and equipment	191,578	200,078	200,142
Investments in associates, joint ventures and deposits	35,038	27,077	17,865
Available-for-sale financial investments	5,673	5,651	7,181
Investment in debt securities and other long-term investments – net of current portion	778	205	150
Investment properties	712	712	1,115
Goodwill and intangible assets	74,273	74,250	83,303
Deferred income tax assets – net	9,706	7,225	5,117
Derivative financial assets	22	–	–
Prepayments – net of current portion	5,946	4,500	11,697
Advances and other noncurrent assets – net of current portion	2,473	1,376	1,340
Total Noncurrent Assets	326,199	321,074	327,910
Current Assets			
Cash and cash equivalents	29,779	37,161	46,057
Short-term investments	595	574	558
Trade and other receivables	16,808	16,379	16,245
Inventories and supplies	2,869	3,467	3,827
Current portion of investment in debt securities and other long-term investments	91	150	358
Current portion of prepayments	5,990	5,144	6,345
Current portion of advances and other noncurrent assets	8,131	8,116	492
Total Current Assets	64,263	70,991	73,882
Assets classified as held-for-sale	355	13,750	–
Total Current Assets	64,618	84,741	73,882
TOTAL ASSETS	390,817	405,815	401,792
<u>EQUITY AND LIABILITIES</u>			
Equity			
Non-voting serial preferred stock	360	360	4,419
Voting preferred stock	150	150	–
Common stock	1,093	1,093	1,085
Treasury stock	(6,505)	(6,505)	(6,505)
Capital in excess of par value	130,562	130,566	127,246
Retained earnings	16,516	25,416	26,160
Other comprehensive income	(2,839)	(3,387)	1,456
Reserves of a disposal group classified as held-for-sale	–	(2,143)	–
Total Equity Attributable to Equity Holders of PLDT	139,337	145,550	153,861
Noncontrolling interests	223	184	386
TOTAL EQUITY	139,560	145,734	154,247

*The December 31, 2012 comparative information was adjusted to reflect the adjustments on the adoption of the Revised PAS 19 – Employee Benefits.

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND SUBSIDIARIES

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

	As at September 30, 2013	As at December 31, 2012	As at January 1, 2012
	(Unaudited)	(As Adjusted*)	
Noncurrent Liabilities			
Interest-bearing financial liabilities – net of current portion	95,208	102,821	91,280
Deferred income tax liabilities – net	4,359	5,713	7,078
Derivative financial liabilities	1,962	2,802	2,235
Customers' deposits	2,555	2,529	2,272
Pension and other employee benefits	3,174	1,982	551
Deferred credits and other noncurrent liabilities	21,705	21,950	22,642
Total Noncurrent Liabilities	128,963	137,797	126,058
Current Liabilities			
Accounts payable	28,724	30,451	29,554
Accrued expenses and other current liabilities	73,085	71,624	58,271
Current portion of interest-bearing financial liabilities	14,258	12,989	26,009
Provision for claims and assessments	1,555	1,555	1,555
Dividends payable	1,054	827	2,583
Derivative financial liabilities	117	418	924
Income tax payable	3,501	1,809	2,591
	122,294	119,673	121,487
Liabilities directly associated with assets classified as held-for-sale	–	2,611	–
Total Current Liabilities	122,294	122,284	121,487
TOTAL LIABILITIES	251,257	260,081	247,545
TOTAL EQUITY AND LIABILITIES	390,817	405,815	401,792

* The December 31, 2012 comparative information was adjusted to reflect the adjustments on the adoption of the Revised PAS 19 – Employee Benefits.

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS

For the Nine Months and Three Months Ended September 30, 2013 and 2012
(in million pesos, except earnings per common share amounts)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2013 (Unaudited)	2012 (As Adjusted*)	2013 (Unaudited)	2012 (As Adjusted*)
REVENUES				
Service revenues	121,604	119,050	40,567	39,321
Non-service revenues	2,981	2,313	1,017	806
	124,585	121,363	41,584	40,127
EXPENSES				
Depreciation and amortization	22,180	22,957	7,648	7,668
Compensation and employee benefits	16,517	16,632	5,518	5,285
Repairs and maintenance	9,524	9,624	2,990	3,217
Cost of sales	8,532	6,381	2,994	1,898
Interconnection costs	7,865	8,243	2,509	2,684
Selling and promotions	6,598	6,850	2,313	2,537
Professional and other contracted services	4,546	3,894	1,714	1,284
Rent	4,224	4,349	1,373	1,631
Taxes and licenses	2,588	2,725	872	859
Asset impairment	2,120	1,793	729	609
Communication, training and travel	1,570	1,522	507	497
Insurance and security services	1,117	1,112	362	405
Amortization of intangible assets	736	1,019	283	307
Other expenses	1,103	1,033	303	380
	89,220	88,134	30,115	29,261
	35,365	33,229	11,469	10,866
OTHER INCOME (EXPENSES)				
Equity share in net earnings of associates and joint ventures	1,903	1,440	803	129
Interest income	680	1,008	195	389
Gains (losses) on derivative financial instruments – net	492	(1,560)	44	(1,123)
Foreign exchange gains (losses) – net	(2,004)	2,424	(82)	818
Financing costs – net	(5,245)	(4,985)	(1,918)	(1,621)
Other income	2,006	4,712	148	1,570
	(2,168)	3,039	(810)	162
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	33,197	36,268	10,659	11,028
PROVISION FOR INCOME TAX	6,271	8,272	1,594	2,037
NET INCOME FROM CONTINUING OPERATIONS	26,926	27,996	9,065	8,991
NET INCOME FROM DISCONTINUED OPERATIONS	2,069	363	206	117
NET INCOME	28,995	28,359	9,271	9,108
ATTRIBUTABLE TO:				
Equity holders of PLDT	28,954	28,384	9,247	9,102
Noncontrolling interests	41	(25)	24	6
	28,995	28,359	9,271	9,108
Earnings Per Share Attributable to Common Equity Holders of PLDT				
Basic	133.81	131.20	42.72	42.07
Diluted	133.81	131.20	42.72	42.07
Earnings Per Share for Continuing Operations Attributable to Common Equity Holders of PLDT				
Basic	124.23	129.52	41.76	41.52
Diluted	124.23	129.52	41.76	41.52

*The nine months ended September 30, 2012 and three months ended September 30, 2012 comparative information was adjusted to reflect the discontinued operations of the Business Process Outsourcing segment and the adjustments on the adoption of the Revised PAS 19 – Employee Benefits.

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.