

PLDT Inc.
Form 6-K
March 07, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

OF THE SECURITIES EXCHANGE ACT OF 1934

March 7, 2019

PLDT INC.

(Translation of registrant's name into English)

Ramon Cojuangco Building

Makati Avenue, Makati City

Philippines

(Address of registrant's principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T
Rule 101 (b) (1): Yes No

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T
Rule 101 (b) (7): Yes No

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby
furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
 Yes No

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

PLDT
PLDT INC.
(Registrant)

By: /s/ Marilyn A.
Victorio-Aquino

Name: Marilyn A.
Victorio-Aquino
Title: Corporate
Affairs and
Legal Services
Head

Date: 03/07/2019

SEC Number PW-55
File Number

PLDT Inc.

(Company's Full Name)

Ramon Cojuangco Building
Makati Avenue, Makati City

(Company's Address)

(632) 816-8556

(Telephone Number)

Not Applicable

(Fiscal Year Ending)

(month & day)

SEC Form 17-C

Form Type

Not Applicable

Amendment Designation (if applicable)

December 31, 2018

Period Ended Date

Not Applicable

(Secondary License Type and File Number)

March 7, 2019

Securities & Exchange Commission

Secretariat Building, PICC Complex

Roxas Boulevard, Pasay City

Attention: Mr. Vicente Graciano P. Felizmenio, Jr.
Director – Markets and Securities Regulations Dept.

Gentlemen:

In accordance with Section 17.1(b) of the Securities Regulation Code and SRC Rule 17.1.1.1.2, we submit herewith two (2) copies of SEC Form 17-C with Management's Discussion and Analysis and accompanying unaudited consolidated financial statements as at and for the year ended December 31, 2018.

Very truly yours,

/s/ Ma. Lourdes C. Rausa-Chan
MA. LOURDES C. RAUSA-CHAN
Corporate Secretary

COVER SHEET

SEC
Registration
Number
PW-55

Company Name

PLDT INC.

Principal Office (No./Street/Barangay/City/Town/Province)

R AMON COJ UANGCO BUI LDI NG
MAKATI AVENUE MAKATI CI TY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-C	MSRD	

COMPANY INFORMATION

Company's Email Address Company's Telephone Number/s Mobile Number
jacabal@pldt.com.ph (02) 816-8534

No. of Stockholders Annual Meeting Fiscal Year

4. PLDT INC.

Exact name of issuer as specified in its charter

5. PHILIPPINES

Province, country or other jurisdiction

of Incorporation

6. _____ (SEC Use Only)

Industry Classification Code

7. Ramon Cojuangco Building, Makati Avenue, Makati City 1200

Address of principal office Postal Code

8. (632) 816-8553

Issuer's telephone number, including area code

9. Not Applicable

Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code and Sections 4 and 8 of the Revised Securities Act

Title of Each Class	Number of Shares of Common Stock Outstanding
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Common Stock	216,055,775 ⁽¹⁾
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Amount of Debt Outstanding	Php176,276 million as at December 31, 2018
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(1) Represents the total outstanding common shares (net of 2,724,111 Treasury shares).

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PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Our consolidated financial statements as at and for the years ended December 31, 2018 and 2017 and related notes (pages F-1 to F-168) are filed as part of this report on Form 17-C.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

In the following discussion and analysis of our financial condition and results of operations, unless the context indicates or otherwise requires, references to “we,” “us,” “our” or “PLDT Group” mean PLDT Inc. and its consolidated subsidiaries, and references to “PLDT” mean PLDT Inc., not including its consolidated subsidiaries (please see Note 2 – Summary of Significant Accounting Policies to the accompanying unaudited consolidated financial statements for the list of these subsidiaries, including a description of their respective principal business activities and PLDT’s direct and/or indirect equity interest).

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying unaudited consolidated financial statements and the related notes. Our unaudited consolidated financial statements, and the financial information discussed below, have been prepared in accordance with Philippine Financial Reporting Standards, or PFRS, which is virtually converged with International Financial Reporting Standards as issued by the International Accounting Standards Board. PFRS differs in certain significant respects from generally accepted accounting principles, or GAAP, in the U.S.

The financial information appearing in this report and in the accompanying unaudited consolidated financial statements is stated in Philippine pesos. Unless otherwise indicated, translations of Philippine peso amounts into U.S. dollars in this report and in the accompanying unaudited consolidated financial statements were made based on the exchange rate of Php52.56 to US\$1.00, the exchange rate as at December 31, 2018 quoted through the Bankers Association of the Philippines.

Some information in this report may contain forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forward-looking words such as “believe,” “plan,” “anticipate,” “continue,” “estimate,” “expect,” “may,” “will” or other similar

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We have chosen these assumptions or bases in good faith. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors. When considering forward-looking statements, you should keep in mind the description of risks and other cautionary statements in this report. You should also keep in mind that any forward-looking statement made by us in this report or elsewhere speaks only as at the date on which we made it. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the statements in this report after the date hereof. In light of these risks and uncertainties, you should keep in mind that actual results may differ materially from any forward-looking statement made in this report or elsewhere.

Financial Highlights and Key Performance Indicators

	Years ended		Increase	
	December 31, 2018	2017	(Decrease) Amount	%
(amounts in million Php, except for EBITDA margin, earnings				
per common share)	(Unaudited)(Audited)			
Consolidated Income Statement				
Revenues	164,752	159,926	4,826	3
Expenses	150,979	150,415	564	—
Other income (expenses)	9,042	5,058	3,984	79
Income before income tax	22,815	14,569	8,246	57
Net income	18,973	13,466	5,507	41
Core income	25,855	27,668	(1,813)	(7)
EBITDA	64,027	66,174	(2,147)	(3)
EBITDA margin ⁽¹⁾	42	% 44	% —	—
Reported earnings per common share:				
Basic	87.28	61.61	25.67	42
Diluted	87.28	61.61	25.67	42
Core earnings per common share ⁽²⁾ :				
Basic	119.39	127.79	(8.40)	(7)
Diluted	119.39	127.79	(8.40)	(7)

	December 31,		Increase	
	2018	2017	(Decrease) Amount	%
(amounts in million Php, except for net debt to equity ratio)				
(Unaudited)(Audited)				
Consolidated Statements of Financial Position				
Total assets	482,750	459,444	23,306	5
Property and equipment	195,964	186,907	9,057	5
Cash and cash equivalents and short-term investments	52,819	33,979	18,840	55
Total equity attributable to equity holders of PLDT	112,358	106,842	5,516	5
Long-term debt, including current portion	176,276	172,611	3,665	2
Net debt ⁽³⁾ to equity ratio	1.10x	1.30x	—	—

	Years ended December		Change	
	31, 2018	2017	Amount	%
(amounts in million Php, except for operational data)				
(Unaudited) (Audited)				
Consolidated Statements of Cash Flows				
Net cash provided by operating activities	61,116	56,114	5,002	9
Net cash used in investing activities	(25,054)	(21,060)	(3,994)	(19)

Payment for purchase of property and equipment, including

capitalized interest	48,771	37,432	11,339	30
Net cash used in financing activities	(18,144)	(40,319)	22,175	55
Operational Data				
Number of mobile subscribers	60,499,017	58,293,908	2,205,109	4
Prepaid ⁽⁴⁾	58,178,978	55,776,646	2,402,332	4
Postpaid	2,320,039	2,517,262	(197,223)	(8)
Number of broadband subscribers	2,025,563	1,950,881	74,682	4
Fixed Line broadband	1,812,037	1,713,527	98,510	6
Fixed Wireless broadband	213,526	237,354	(23,828)	(10)
Number of fixed line subscribers	2,710,972	2,663,210	47,762	2
Number of employees:	17,222	17,779	(557)	(3)
Fixed Line	10,890	10,737	153	1
LEC	8,772	6,832	1,940	28
Others	2,118	3,905	(1,787)	(46)
Wireless	6,332	7,042	(710)	(10)

⁽¹⁾EBITDA margin for the period is measured as EBITDA divided by service revenues.

⁽²⁾Core earnings per common share, or EPS, for the period is measured as core income divided by the weighted average number of outstanding common shares for the period.

⁽³⁾Net debt is derived by deducting cash and cash equivalents and short-term investments from total debt (long-term debt, including current portion).

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(4) Beginning 2Q2017, the prepaid subscriber base excludes subscribers who did not reload within 90 days vis-à-vis 120 days previous cut-off.

	Month end	Weighted average rates during the year
Exchange Rates – per US\$ rates		
December 31, 2018	52.56	52.68
December 31, 2017	49.96	50.41
December 31, 2016	49.77	47.48

Performance Indicators

We use a number of non-GAAP performance indicators to monitor financial performance. These are summarized below and discussed later in this report.

EBITDA

EBITDA for the year is measured as net income excluding depreciation and amortization, amortization of intangible assets, asset impairment on noncurrent assets, financing costs – net, interest income, equity share in net earnings (losses) of associates and joint ventures, foreign exchange gains (losses) – net, gains (losses) on derivative financial instruments – net, provision for (benefit from) income tax and other income – net. EBITDA is monitored by management for each business unit separately for purposes of making decisions about resource allocation and performance assessment. EBITDA is presented also as a supplemental disclosure because our management believes that it is widely used by investors in their analysis of the performance of PLDT and to assist them in their comparison of PLDT's performance with that of other companies in the technology, media and telecommunications sector. We also present EBITDA because it is used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Companies in the technology, media and telecommunications sector have historically reported EBITDA as a supplement to financial measures in accordance with PFRS. EBITDA should not be considered as an alternative to net income as an indicator of our performance, as an alternative to cash flows from operating activities, as a measure of liquidity or as an alternative to any other measure determined in accordance with PFRS. Unlike net income, EBITDA does not include depreciation and amortization, and financing costs and, therefore, does not reflect current or future capital expenditures or the cost of capital. We compensate for these limitations by using EBITDA as only one of several comparative tools, together with PFRS-based measurements, to assist in the evaluation of operating performance. Such PFRS-based measurements include income before income tax, net income, cash flows from operations and cash flow data. We have significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, taxes and other non-recurring charges, which are not reflected in EBITDA. Our calculation of EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

Core Income

Core income for the year is measured as net income attributable to equity holders of PLDT (net income less net income attributable to noncontrolling interests), excluding foreign exchange gains (losses) – net, gains (losses) on derivative financial instruments – net (excluding hedge costs), asset impairment on noncurrent assets, other non-recurring gains (losses), net of tax effect of aforementioned adjustments, as applicable, and similar adjustments to equity share in net earnings (losses) of associates and joint ventures. The core income results are monitored by management for each business unit separately for purposes of making decisions about resource allocation and performance assessment. Also, core income is used by management as a basis of determining the level of dividend payouts to shareholders and basis of granting incentives to employees. Core income should not be considered as an alternative to income before income tax or net income determined in accordance with PFRS as an indicator of our performance. Unlike net income, core income does not include foreign exchange gains and losses, gains and losses on derivative financial instruments, asset impairments and other non-recurring gains and losses. We compensate for these limitations by using core income as only one of several comparative tools, together with PFRS-based measurements, to assist in the evaluation of operating performance. Such PFRS-based measurements include income before income tax and net income. Our calculation of core income may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

Overview

We are the largest and most diversified telecommunications company in the Philippines which delivers data and multimedia services nationwide. We have organized our business into business units based on our products and services and have three reportable operating segments which serve as the bases for management’s decision to allocate resources and evaluate operating performance:

• **Wireless** — mobile telecommunications services provided by Smart Communications, Inc., or Smart, and Digital Mobile Philippines, Inc., or DMPI, our mobile service providers; Smart Broadband, Inc., or SBI, and Primeworld Digital Systems, Inc., or PDSI, our wireless broadband service providers; and certain subsidiaries of PLDT Global Corporation, or PLDT Global, our mobile virtual network operations, or MVNO, provider;

• **Fixed Line** — fixed line telecommunications services primarily provided by PLDT. We also provide fixed line services through PLDT’s subsidiaries, namely, PLDT Clark Telecom, Inc., PLDT Subic Telecom, Inc., PLDT-Philcom, Inc. or Philcom, and its subsidiaries, or Philcom Group, PLDT-Maratel, Inc., Bonifacio Communications Corporation, PLDT Global and certain subsidiaries, and Digital Telecommunications Phils., Inc., or Digitel, all of which together account for approximately 4% of our consolidated fixed line subscribers; data center, cloud, big data, managed security services, managed IT services and resellership provided by ePLDT, Inc., or ePLDT, IP Converge Data Services, Inc., or IPCDSI, and subsidiary, or IPCDSI Group, ABM Global Solutions, Inc., or AGS, and its subsidiaries, or AGS Group, Curo Teknika, Inc. and ePDS, Inc., or ePDS; business infrastructure and solutions, intelligent data processing and implementation services and data analytics insight generation provided by Talas Data Intelligence, Inc., or Talas; distribution of Filipino channels and content by Pilipinas Global Network Limited and its subsidiaries; and

• **Others** — Voyager Innovations Holdings, Pte. Ltd., or VIH, and certain subsidiaries, our mobile applications and digital platforms developers and mobile financial services provider; PLDT Communications and Energy Ventures, Inc., or PCEV, PLDT Global Investment Holdings, Inc., PLDT Global Investments Corporation, or PGIC, PLDT Digital Investments Pte. Ltd., or PLDT Digital, and its subsidiaries, our investment companies.

As at December 31, 2018, our chief operating decision maker, or our Management Committee, views our business activities in three business units: Wireless, Fixed Line and Others.

Management’s Financial Review

In addition to consolidated net income, we use EBITDA and core income to assess our operating performance. The reconciliation of our consolidated net income to our consolidated EBITDA and our consolidated core income for the years ended December 31, 2018 and 2017 are set forth below.

The following table shows the reconciliation of our consolidated net income to our consolidated EBITDA for the years ended December 31, 2018 and 2017:

	2018 (Unaudited)	2017 (Audited)
	(amounts in million Php)	
Consolidated net income	18,973	13,466
Add (deduct) adjustments:		
Depreciation and amortization	47,240	51,915

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Financing costs – net	7,067	7,370
Provision for income tax	3,842	1,103
Noncurrent asset impairment	2,122	3,913
Amortization of intangible assets	892	835
Foreign exchange losses – net	771	411
Impairment of investments	172	2,562
Equity share in net earnings (losses) of associates and joint ventures	87	(2,906)
Gains on derivative financial instruments – net	(1,086)	(533)
Interest income	(1,943)	(1,412)
Other income – net	(14,110)	(10,550)
Total adjustments	45,054	52,708
Consolidated EBITDA	64,027	66,174

The following table shows the reconciliation of our consolidated net income to our consolidated core income for the years ended December 31, 2018 and 2017:

	2018 (Unaudited)	2017 (Audited)
	(amounts in million Php)	
Consolidated net income	18,973	13,466
Add (deduct) adjustments:		
Depreciation due to shortened life of property and equipment	4,564	12,816
Noncurrent asset impairment	2,122	3,913
Manpower rightsizing program	1,703	—
Unrealized loss in fair value of investments	1,154	—
Foreign exchange losses – net	771	411
Investment written-off	362	—
Impairment of investments	172	2,562
Core income adjustment on equity share in net losses of associates and joint ventures	23	60
Net income attributable to noncontrolling interests	(57)	(95)
Other nonrecurring income	(1,018)	—
Gains on derivative financial instruments – net, excluding hedge costs	(1,135)	(724)
Net tax effect of aforementioned adjustments	(1,779)	(4,741)
Total adjustments	6,882	14,202
Consolidated core income	25,855	27,668

Results of Operations

The following table shows the contribution by each of our business segments to our consolidated revenues, expenses, other income (expense), income (loss) before income tax, provision for income tax, net income (loss)/segment profit (loss), EBITDA, EBITDA margin and core income for the years ended December 31, 2018 and 2017. In each of the years ended December 31, 2018 and 2017, majority of our revenues are derived from our operations within the Philippines. Our revenues derived from outside the Philippines consist primarily of revenues from incoming international calls to the Philippines.

	Inter-segment				Consolidated
	Wireless	Fixed Line	Others ⁽¹⁾	Transactions	
	(amounts in million Php, except for EBITDA margin)				
For the year ended December 31, 2018 (Unaudited)					
Revenues	89,929	85,222	1,138	(11,537)	164,752
Expenses	82,246	77,782	4,093	(13,142)	150,979
Other income (expenses)	(625)	(45)	12,099	(2,387)	9,042

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Income (loss) before income tax	7,058	7,395	9,144	(782)	22,815
Provision for income tax	1,333	1,336	1,173	—		3,842
Net income (loss)/Segment profit (loss)	5,725	6,059	7,971	(782	)	18,973
EBITDA	34,235	30,875	(2,688	)	1,605	64,027
EBITDA margin ⁽²⁾	41	% 38	% -246	% —		42
Core income	9,760	6,925	9,952	(782	)	25,855

For the year ended December 31, 2017 (Audited)

Revenues	92,572	78,341	1,279	(12,266	)	159,926
Expenses	97,651	63,864	2,774	(13,874	)	150,415
Other income (expenses)	77	(3,323)	10,530	(2,226)	5,058
Income (loss) before income tax	(5,002)	11,154	9,035	(618)	14,569
Provision for (benefit from) income tax	(2,787)	3,680	210	—		1,103
Net income (loss)/Segment profit (loss)	(2,215)	7,474	8,825	(618)	13,466
EBITDA	36,395	29,478	(1,307	)	1,608	66,174
EBITDA margin ⁽²⁾	42	% 39	% -104	% —		44	
Core income	9,812	8,846	9,628	(618	)	27,668

Increase (Decrease)

Revenues	(2,643	)	6,881	(141	)	729	4,826
Expenses	(15,405)	13,918	1,319	732		564		
Other income (expenses)	(702	)	3,278	1,569	(161	)	3,984
Income (loss) before income tax	12,060	(3,759	)	109	(164	)	8,246
Provision for (benefit from) income tax	4,120	(2,344)	963	—		2,739		
Net income (loss)/Segment profit (loss)	7,940	(1,415)	(854)	(164)	5,507	
EBITDA	(2,160)	1,397	(1,381)	(3)	(2,147
Core income	(52)	(1,921)	324	(164)	(1,813	

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⁽¹⁾Other business segment includes results of operations of VIH, resulting from the transfer from Smart to PCEV in April 2018. Consequently, we reclassified the presentation of VIH from Wireless to Other business segment, including prior period herein reported. VIH was deconsolidated from PCEV effective November 30, 2018.

⁽²⁾EBITDA margin for the period is measured as EBITDA divided by service revenues.

In the first quarter of 2018, we adopted PFRS 15 using the modified retrospective method of adoption with the date of initial application of January 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. We elected to apply the standard to all contracts that are not completed as at the date of initial application, that is, January 1, 2018. The cumulative effect arising from the transition was recognized as an adjustment to the opening balance of retained earnings.

The following is the impact of PFRS 15 adoption in our results of operations for the year ended December 31, 2018:

	PFRS 15 Impact			
	PAS 18	Wireless Line	Fixed	PFRS 15
	(amounts in million Php)			
Service revenues	157,845	(3,250)	(388)	154,207
Non-service revenues	7,602	2,733	210	10,545
Other income – interest income	1,486	338	119	1,943
Income before income tax	23,259	(298)	(146)	22,815
Provision for income tax	3,976	(90)	(44)	3,842
Net income	19,283	(208)	(102)	18,973
EBITDA	64,928	(636)	(265)	64,027
EBITDA margin	41 %	—	—	42 %
Core income	26,165	(208)	(102)	25,855

On a Consolidated Basis

Revenues

We reported consolidated revenues of Php164,752 million in 2018, an increase of Php4,826 million, or 3%, as compared with Php159,926 million in 2017, primarily due to higher revenues from data services in our Fixed Line business segment, as well as higher non-service revenues from our Wireless business segment, partially offset by lower revenues from mobile and home broadband services from our Wireless business segment, and lower voice revenues from our Fixed Line business segment.

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In compliance with Memorandum Circular No. 05-07-2018 issued by the National Telecommunications Commission, or NTC, the interconnection rate for our voice calls was reduced to Php0.50 per minute from Php2.50 per minute, and the rate for SMS was down to Php0.05 per message from Php0.15 per message effective September 1, 2018.

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The following table shows the breakdown of our consolidated revenues by services for the years ended December 31, 2018 and 2017:

	Wireless	Fixed Line	Others	Inter-segment Transactions	Consolidated
	(amounts in million Php)				
For the year ended December 31, 2018					
Service Revenues					
Wireless	83,001			(2,736)	80,265
Mobile	81,096			(1,192)	79,904
Home broadband	155			—	155
MVNO and others	1,750			(1,544)	206
Fixed Line		81,648		(8,790)	72,858
Voice		25,178		(2,192)	22,986
Data		54,770		(5,912)	48,858
Home broadband		26,733		(255)	26,478
Corporate data and ICT		28,037		(5,657)	22,380
Miscellaneous		1,700		(686)	1,014
Others			1,094	(10)	1,084
Total Service Revenues	83,001	81,648	1,094	(11,536)	154,207
Non-Service Revenues					
Sale of computers, phone units and mobile handsets	6,928	3,064	44	(8)	10,028
Point-product sales	—	510	—	7	517
Total Non-Service Revenues	6,928	3,574	44	(1)	10,545
Total Revenues	89,929	85,222	1,138	(11,537)	164,752
For the year ended December 31, 2017					
Service Revenues					
Wireless	87,412			(1,284)	86,128
Mobile	84,439			(1,273)	83,166
Home broadband	2,556			(9)	2,547
MVNO and others	417			(2)	415
Fixed Line		74,757		(10,946)	63,811
Voice		28,500		(3,204)	25,296
Data		44,294		(6,849)	37,445
Home broadband		18,054		(245)	17,809
Corporate data and ICT		26,240		(6,604)	19,636
Miscellaneous		1,963		(893)	1,070
Others			1,256	(30)	1,226
Total Service Revenues	87,412	74,757	1,256	(12,260)	151,165
Non-Service Revenues					
Sale of computers, phone units and mobile handsets	5,160	2,724	23	(18)	7,889

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Point-product sales	—	860	—	12	872
Total Non-Service Revenues	5,160	3,584	23	(6)	8,761
Total Revenues	92,572	78,341	1,279	(12,266)	159,926

The following table shows the breakdown of our consolidated revenues by business segment for the years ended December 31, 2018 and 2017:

	2018	%	2017	%	Change Amount	%
	(amounts in million Php)					
Wireless	89,929	54	92,572	58	(2,643)	(3)
Fixed Line	85,222	52	78,341	49	6,881	9
Others ⁽¹⁾	1,138	1	1,279	1	(141)	(11)
Inter-segment transactions	(11,537)	(7)	(12,266)	(8)	729	6
Consolidated	164,752	100	159,926	100	4,826	3

⁽¹⁾Other business segment includes revenues from digital platforms and mobile financial services.

Expenses

Consolidated expenses increased by Php564 million to Php150,979 million in 2018 from Php150,415 million in 2017, primarily due to higher depreciation and amortization, selling, general and administrative expenses, asset impairment and provisions in our Fixed Line business segment, and higher cost of sales and services in our Wireless business segment, partially offset by lower depreciation and amortization, asset impairment and interconnection costs in our Wireless business segment.

The following table shows the breakdown of our consolidated expenses by business segment for the years ended December 31, 2018 and 2017:

	2018	%	2017	%	Change Amount	%
	(amounts in million Php)					
Wireless	82,246	54	97,651	65	(15,405)	(16)
Fixed Line	77,782	52	63,864	42	13,918	22
Others	4,093	3	2,774	2	1,319	48
Inter-segment transactions	(13,142)	(9)	(13,874)	(9)	732	5
Consolidated	150,979	100	150,415	100	564	—

Other Income (Expenses)

Consolidated other income increased by Php3,984 million, or 79%, to Php9,042 million in 2018 from Php5,058 million in 2017, primarily due to gain on the loss of control on VIH and realized gain on fair value of Rocket Internet investment in 2018 from our Other business segment, as well as impairment of investment in Hastings PDRs in 2017 from our Fixed Line business segment, partially offset by gain on sale of Beacon Electric Holdings, Inc., or Beacon, shares in 2017 and equity share in net losses of associates and joint ventures in 2018 from our Other business segment.

The following table shows the breakdown of our consolidated other income (expenses) by business segment for the years ended December 31, 2018 and 2017:

	2018	2017	Change Amount	%
	(amounts in million Php)			
Wireless	(625)	77	(702)	(912)
Fixed Line	(45)	(3,323)	3,278	99
Others	12,099	10,530	1,569	15
Inter-segment transactions	(2,387)	(2,226)	(161)	(7)
Consolidated	9,042	5,058	3,984	79

Net Income (Loss)

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Consolidated net income increased by Php5,507 million, or 41%, to Php18,973 million in 2018, from Php13,466 million in 2017, primarily due to higher net income from our Wireless business segment, partly offset by lower net income from our Fixed Line and Other business segments. Our consolidated basic and diluted EPS increased to Php87.28 in 2018 from Php61.61 in 2017. Our weighted average number of outstanding common shares was approximately 216.06 million in each of 2018 and 2017.

The following table shows the breakdown of our consolidated net income by business segment for the years ended December 31, 2018 and 2017:

	2018	%	2017	%	Change	
	(amounts in million Php)				Amount	%
Wireless	5,725	30	(2,215)	(17)	7,940	358
Fixed Line	6,059	32	7,474	56	(1,415)	(19)
Others	7,971	42	8,825	66	(854)	(10)
Inter-segment transactions	(782)	(4)	(618)	(5)	(164)	(27)
Consolidated	18,973	100	13,466	100	5,507	41

EBITDA

Our consolidated EBITDA amounted to Php64,027 million in 2018, a decrease of Php2,147 million, or 3%, as compared with Php66,174 million in 2017, primarily due to lower EBITDA in our Wireless and Other business segments, partially offset by higher EBITDA in our Fixed Line business segment.

The following table shows the breakdown of our consolidated EBITDA by business segment for the years ended December 31, 2018 and 2017:

	2018	%	2017	%	Change Amount	%
	(amounts in million Php)					
Wireless	34,235	53	36,395	55	(2,160)	(6)
Fixed Line	30,875	48	29,478	45	1,397	5
Others	(2,688)	(4)	(1,307)	(2)	(1,381)	(106)
Inter-segment transactions	1,605	3	1,608	2	(3)	—
Consolidated	64,027	100	66,174	100	(2,147)	(3)

Core Income

Our consolidated core income amounted to Php25,855 million in 2018, a decrease of Php1,813 million, or 7%, as compared with Php27,668 million in 2017, primarily due to lower core income from our Fixed Line business segment, partially offset by higher core income from our Other business segment. Our consolidated basic and diluted core EPS decreased to Php119.39 in 2018 from Php127.79 in 2017.

The following table shows the breakdown of our consolidated core income by business segment for the years ended December 31, 2018 and 2017:

	2018	%	2017	%	Change Amount	%
	(amounts in million Php)					
Wireless	9,760	38	9,812	35	(52)	(1)
Fixed Line	6,925	27	8,846	32	(1,921)	(22)
Others	9,952	38	9,628	35	324	3
Inter-segment transactions	(782)	(3)	(618)	(2)	(164)	(27)
Consolidated	25,855	100	27,668	100	(1,813)	(7)

On a Business Segment Basis

Wireless

Revenues

We generated revenues of Php89,929 million from our Wireless business segment in 2018, a decrease of Php2,643 million, or 3%, from Php92,572 million in 2017.

The following table summarizes our total revenues by service from our Wireless business segment for the years ended December 31, 2018 and 2017:

	2018	%	2017	%	Increase (Decrease) Amount %	
	(amounts in million Php)					
Service Revenues:						
Mobile	81,096	90	84,439	91	(3,343)	(4)
Home broadband	155	—	2,556	3	(2,401)	(94)
MVNO and others ⁽¹⁾	1,750	2	417	—	1,333	320
Total Wireless Service Revenues	83,001	92	87,412	94	(4,411)	(5)
Non-Service Revenues:						
Sale of mobile handsets and broadband data modems	6,928	8	5,160	6	1,768	34
Total Wireless Revenues	89,929	100	92,572	100	(2,643)	(3)

⁽¹⁾Includes service revenues generated by MVNOs of PLDT Global subsidiaries and facilities service fees.

Service Revenues

Our wireless service revenues in 2018 decreased by Php4,411 million, or 5%, to Php83,001 million as compared with Php87,412 million in 2017, mainly as a result of lower revenues from mobile, and home broadband, partially offset by higher revenues from other services. As a percentage of our total wireless revenues, service revenues accounted for 92% and 94% for the years ended December 31, 2018 and 2017, respectively.

Mobile Services

Our mobile service revenues amounted to Php81,096 million in 2018, a decrease of Php3,343 million, or 4%, from Php84,439 million in 2017. Mobile service revenues accounted for 98% and 97% of our wireless service revenues for the years ended December 31, 2018 and 2017, respectively. In the third quarter of 2018, the revenue split allocation among voice, SMS and data for our mobile bundled plans was revised to reflect the current usage behavior pattern of our subscribers based on the recent network study conducted for our Wireless business segment.

	2018	%	2017	%	Increase (Decrease) Amount	%
	(amounts in million Php)					
Mobile Services:						
Data	38,350	47	26,281	31	12,069	46
Voice	28,052	35	30,724	36	(2,672)	(9)
SMS	13,103	16	26,045	31	(12,942)	(50)
Inbound roaming and others ⁽¹⁾	1,591	2	1,389	2	202	15
Total	81,096	100	84,439	100	(3,343)	(4)

⁽¹⁾Refers to other non-subscriber-related revenues consisting primarily of inbound international roaming fees.

Data Services

Mobile revenues from our data services, which include mobile internet, mobile broadband and other data services, increased by Php12,069 million, or 46%, to Php38,350 million in 2018 from Php26,281 million in 2017 due to increased mobile internet usage driven mainly by enhanced data offers with video access, supported by continuous network improvement and LTE migration, as well as the impact of the revised revenue split allocation, partially offset by lower revenues from mobile broadband and the impact of adoption of PFRS 15. Data services accounted for 47% and 31% of our mobile service revenues for the years ended December 31, 2018 and 2017, respectively.

The following table shows the breakdown of our mobile data service revenues for the years ended December 31, 2018 and 2017:

2018	%	2017	%	Increase (Decrease) Amount	%
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(amounts in million Php)

Data Services:						
Mobile internet ⁽¹⁾	33,207	87	20,086	76	13,121	65
Mobile broadband	4,589	12	6,030	23	(1,441)	(24)
Other data ⁽²⁾	554	1	165	1	389	236
Total	38,350	100	26,281	100	12,069	46

⁽¹⁾Includes revenues from web-based services, net of discounts and content provider costs.

⁽²⁾Beginning third quarter of 2018, revenues from other data include value-added services, or VAS.

Mobile Internet

Mobile internet service revenues increased by Php13,121 million, or 65%, to Php33,207 million in 2018 from Php20,086 million in 2017, primarily due to the following: (i) LTE migration efforts which yielded growth in LTE SIMs and smartphone ownership among our subscriber base; (ii) Youtube promo which built a video-streaming habit among users; (iii) prevalent use of mobile apps, social networking and e-commerce sites, and other over-the-top, or OTT, services; and (iv) impact of the revised revenue split allocation. Mobile internet services accounted for 41% and 24% of our mobile service revenues for the years ended December 31, 2018 and 2017, respectively.

Mobile Broadband

Mobile broadband revenues amounted to Php4,589 million in 2018, a decrease of Php1,441 million, or 24%, from Php6,030 million in 2017, primarily due to a decrease in the number of subscribers using pocket wifi as they shift to

using mobile internet and fixed DSL/Fiber home broadband. Mobile broadband services accounted for 6% and 7% of our mobile service revenues for the years ended December 31, 2018 and 2017, respectively.

Other Data

Revenues from our other data services, which include VAS, domestic leased lines and share in revenue from PLDT WeRoam, increased by Php389 million, or 236%, to Php554 million in 2018 from Php165 million in 2017.

Voice Services

Mobile revenues from our voice services, which include all voice traffic, decreased by Php2,672 million, or 9%, to Php28,052 million in 2018 from Php30,724 million in 2017, mainly on account of lower traffic due to subscribers' shift to digital lifestyle with access to alternative calling options and other OTT services, and the impact of reduction in interconnection rates for voice services, as mandated by the NTC, and adoption of PFRS 15, partly offset by the effect of the revised revenue split allocation. Mobile voice services accounted for 35% and 36% of our mobile service revenues for the years ended December 31, 2018 and 2017, respectively.

Domestic voice service revenues decreased by Php650 million, or 3%, to Php23,486 million in 2018 from Php24,136 million in 2017, due to lower domestic inbound and outbound voice service revenues.

International voice service revenues decreased by Php2,022 million, or 31%, to Php4,566 million in 2018 from Php6,588 million in 2017, primarily due to lower international inbound and outbound voice service revenues as a result of lower international voice traffic, partially offset by the effect of higher weighted average rate of the Philippine peso relative to the U.S. dollar.

SMS Services

Mobile revenues from our SMS services, which include all SMS-related services, decreased by Php12,942 million, or 50%, to Php13,103 million in 2018 from Php26,045 million in 2017 mainly due to declining SMS volumes as a result of alternative text messaging options, such as OTT services and social media, and the impact of the revised revenue split allocation, reduction in interconnection rates for SMS services and adoption of PFRS 15. Mobile SMS services accounted for 16% and 31% of our mobile service revenues for the years ended December 31, 2018 and 2017, respectively.

Inbound Roaming and Others

Mobile revenues from inbound roaming and other services increased by Php202 million, or 15%, to Php1,591 million in 2018 from Php1,389 million in 2017.

The following table shows the breakdown of our mobile service revenues by service type for the years ended December 31, 2018 and 2017:

			Increase (Decrease)
2018	2017	Amount	%

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	(amounts in million Php)			
Mobile service revenues	81,096	84,439	(3,343)	(4)
By service type				
Prepaid	59,914	59,862	52	—
Postpaid	19,591	23,188	(3,597)	(16)
Inbound roaming and others	1,591	1,389	202	15

Prepaid Revenues

Revenues generated from our mobile prepaid services amounted to Php59,914 million in 2018, an increase of Php52 million as compared with Php59,862 million in 2017. Mobile prepaid service revenues accounted for 74% and 71% of mobile service revenues for the years ended December 31, 2018 and 2017, respectively. The increase in revenues from our mobile prepaid services was primarily driven by a higher mobile prepaid subscriber base combined with the sustained growth in mobile internet revenues.

Postpaid Revenues

Revenues generated from mobile postpaid service amounted to Php19,591 million in 2018, a decrease of Php3,597 million, or 16%, as compared with Php23,188 million in 2017, and accounted for 24% and 27% of mobile service revenues for the years ended December 31, 2018 and 2017, respectively. The decrease in our mobile postpaid service revenues was primarily due to a lower postpaid subscriber base and the impact of adoption of PFRS 15.

Subscriber Base, ARPU and Churn Rates

The following table shows our mobile subscriber base as at December 31, 2018 and 2017:

	2018	2017	Increase (Decrease) Amount	%
Mobile subscriber base				
Smart ⁽¹⁾	21,956,289	21,821,441	134,848	1
Prepaid	20,532,174	20,433,351	98,823	0
Postpaid	1,424,115	1,388,090	36,025	3
TNT	31,893,641	28,807,964	3,085,677	11
Sun ⁽¹⁾	6,649,087	7,664,503	(1,015,416)	(13)
Prepaid	5,753,163	6,535,331	(782,168)	(12)
Postpaid	895,924	1,129,172	(233,248)	(21)
Total mobile subscribers	60,499,017	58,293,908	2,205,109	4

⁽¹⁾Includes mobile broadband subscribers.

Our current policy is to recognize a prepaid subscriber as active only when the subscriber activates and uses the SIM card. Beginning the second quarter of 2017, a prepaid mobile subscriber is considered inactive if the subscriber does not reload within 90 days after the full usage or expiry of the last reload, revised from the previous 120 days.

In compliance with Memorandum Circular (MC) No. 05-12-2017 issued jointly by the NTC, Department of Information and Communications Technology, and Department of Trade and Industry, Smart, TNT, and Sun extended the validity of prepaid loads to one year. Beginning January 2018, the one-year validity was implemented particularly on prepaid loads worth Php300 and above. In July 2018, the one-year validity was fully implemented for all prepaid loads, including denominations lower than Php300, regardless of the validity period printed on the physical cards already out in the market.

The average monthly churn rates for Smart Prepaid subscribers were 6.5% and 6.7% in 2018 and 2017, respectively, while the average monthly churn rates for TNT subscribers were 5.8% and 6.8% in 2018 and 2017, respectively. The average monthly churn rates for Sun Prepaid subscribers were 6.1% and 7.7% in 2018 and 2017, respectively.

The average monthly churn rates for Smart Postpaid subscribers were 2.0% and 2.3% in 2018 and 2017, respectively, and 3.5% in each of 2018 and 2017, for Sun Postpaid subscribers.

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The following table summarizes our average monthly ARPUs for the years ended December 31, 2018 and 2017:

	Gross ⁽¹⁾		Increase (Decrease)		Net ⁽²⁾		Increase (Decrease)	
	2018	2017	Amount	%	2018	2017	Amount	%
(amounts in Php)								
Prepaid								
Smart	130	118	12	10	118	108	10	9
TNT	79	81	(2)	(2)	71	74	(3)	(4)
Sun	89	88	1	1	81	82	(1)	(1)
Postpaid								
Smart	836	1,004	(168)	(17)	819	972	(153)	(16)
Sun	403	422	(19)	(5)	401	418	(17)	(4)

⁽¹⁾Gross monthly ARPU is calculated by dividing gross mobile service revenues for the month, including interconnection income but excluding inbound roaming revenues, gross of discounts, and content provider costs, by the average number of subscribers in the month.

⁽²⁾Net monthly ARPU is calculated by dividing gross mobile service revenues for the month, including interconnection income, but excluding inbound roaming revenues, net of discounts and content provider costs, by the average number of subscribers in the month.

Home Broadband

Revenues from our Home Broadband services decreased by Php2,401 million, or 94%, to Php155 million in 2018 from Php2,556 million in 2017, mainly due to the transfer of Ultera and WiMAX businesses to PLDT.

MVNO and Others

Revenues from our MVNO and other services increased by Php1,333 million to Php1,750 million in 2018 from Php417 million in 2017, primarily due to facility service fees relating to Ultera, WiMAX and Shops.Work Unplugged, or SWUP, in 2018, partially offset by lower revenue contribution from MVNOs of PLDT Global.

Non-Service Revenues

Our wireless non-service revenues consist of sale of mobile handsets, mobile broadband data modems, tablets and accessories. Our wireless non-service revenues increased by Php1,768 million, or 34%, to Php6,928 million in 2018 from Php5,160 million in 2017, primarily due to the impact of adoption of PFRS 15.

Expenses

Expenses associated with our Wireless business segment amounted to Php82,246 million in 2018, a decrease of Php15,405 million, or 16%, from Php97,651 million in 2017. The decrease was mainly attributable to lower depreciation and amortization, asset impairment and interconnection costs, partially offset by higher cost of sales and services, and selling, general and administrative expenses. As a percentage of our total wireless revenues, expenses associated with our Wireless business segment accounted for 91% and 105% in the years ended December 31, 2018 and 2017, respectively.

The following table summarizes the breakdown of our total wireless-related expenses for the years ended December 31, 2018 and 2017 and the percentage of each expense item in relation to the total:

	2018	%	2017	%	Increase (Decrease) Amount	%
	(amounts in million Php)					
Selling, general and administrative expenses	39,693	48	39,584	41	109	—
Depreciation and amortization	24,778	30	36,776	38	(11,998)	(33)
Cost of sales and services	9,989	12	8,814	9	1,175	13
Interconnection costs	4,467	6	6,373	6	(1,906)	(30)
Provisions	2,210	3	2,191	2	19	1
Asset impairment	1,109	1	3,913	4	(2,804)	(72)
Total	82,246	100	97,651	100	(15,405)	(16)

Selling, general and administrative expenses increased by Php109 million to Php39,693 million, primarily due to higher taxes and licenses, repairs and maintenance, and compensation and employee benefits, partly offset by lower professional and other contracted services, rent, and selling and promotions expenses.

Depreciation and amortization charges decreased by Php11,998 million, or 33%, to Php24,778 million, on account of lower depreciation due to shortened life of certain data network platform and other technology equipment resulting from the ongoing transformation projects which commenced in the previous year, to improve and simplify the network and systems applications.

Cost of sales and services increased by Php1,175 million, or 13%, to Php9,989 million, primarily due to higher issuances of mobile handsets and cost of SIM packs.

Interconnection costs decreased by Php1,906 million, or 30%, to Php4,467 million, primarily due to lower interconnection cost on domestic voice and SMS services, mainly due to the impact of reduction in interconnection rates for voice and SMS, as well as lower interconnection charges on international SMS and data roaming services.

Provisions increased by Php19 million, or 1%, to Php2,210 million, primarily due to higher provision for doubtful accounts, partly offset by lower provision for inventory obsolescence.

Asset impairment decreased by Php2,804 million, or 72%, to Php1,109 million primarily due to the impairment of certain network equipment in 2017 which were rendered obsolete due to technological advancements as a result of continuing network transformation projects.

Other Income (Expenses)

The following table summarizes the breakdown of our total wireless-related other income (expenses) for the years ended December 31, 2018 and 2017:

	2018	2017	Change Amount	%
	(amounts in million Php)			
Other Income (Expenses):				
Financing costs – net	(1,865)	(2,247)	382	17
Foreign exchange losses – net	(125)	(57)	(68)	(119)
Equity share in net earnings (losses) of associates and joint ventures	62	(129)	191	148
Gain on derivative financial instruments – net	449	282	167	59
Interest income	719	305	414	136
Other income – net	135	1,923	(1,788)	(93)
Total	(625)	77	(702)	(912)

Our Wireless business segment's other expenses amounted to Php625 million in 2018, a change of Php702 million as against other income of Php77 million in 2017, primarily due to the net effects of the following: (i) lower other income – net by Php1,788 million mainly due to lower income from consultancy and other miscellaneous income, partly offset by lower impairment on Smart's investment in AFPI; (ii) higher net foreign exchange losses by Php68 million; (iii) higher net gains on derivative financial instruments by Php167 million; (iv) equity share in net earnings of associates of Php62 million in 2018 as against equity share in net losses of Php129 million in 2017; (v) lower net financing costs by Php382 million mainly due to higher capitalized interest, lower financing charges and lower weighted average loan principal amount, partly offset by higher weighted average interest rates; and (vi) higher interest income by Php414 million mainly due to an increase in principal amount of temporary cash investment, higher weighted average interest rates and higher weighted average rate of the Philippine peso relative to the U.S. dollar.

Provision for (Benefit from) Income Tax

Provision for income tax amounted to Php1,333 million in 2018, a change of Php4,120 million as against benefit from income tax of Php2,787 million, which includes tax impact of depreciation due to shortened life of property and equipment and noncurrent asset impairment recognized in 2017.

Net Income

As a result of the foregoing, our Wireless business segment's net income increased by Php7,940 million to Php5,725 million in 2018 as against net losses of Php2,215 million in 2017.

EBITDA

Our Wireless business segment's EBITDA decreased by Php2,160 million, or 6%, to Php34,235 million in 2018 from Php36,395 million in 2017. EBITDA margin decreased to 41% in 2018 from 42% in 2017.

Core Income

Our Wireless business segment's core income decreased by Php52 million to Php9,760 million in 2018 from Php9,812 million in 2017 on account of lower EBITDA, higher provision for income tax and lower other miscellaneous income, partially offset by lower depreciation expense and net financing costs.

Fixed Line

Revenues

Revenues generated from our Fixed Line business segment amounted to Php85,222 million in 2018, an increase of Php6,881 million, or 9%, from Php78,341 million in 2017.

The following table summarizes our total revenues by service from our Fixed Line business segment for the years ended December 31, 2018 and 2017:

	2018	%	2017	%	Increase (Decrease) Amount	%
	(amounts in million Php)					
Service Revenues:						
Voice	25,178	30	28,500	36	(3,322)	(12)
Data	54,770	64	44,294	57	10,476	24
Miscellaneous	1,700	2	1,963	2	(263)	(13)
	81,648	96	74,757	95	6,891	9
Non-Service Revenues:						
Sale of computers, phone units and point-product sales	3,574	4	3,584	5	(10)	—
Total Fixed Line Revenues	85,222	100	78,341	100	6,881	9

Service Revenues

Our fixed line service revenues increased by Php6,891 million, or 9%, to Php81,648 million in 2018 from Php74,757 million in 2017, due to higher revenues from our data services, partially offset by lower voice and miscellaneous service revenues. In the second quarter of 2018, the revenue split allocation between voice and data for our fixed line bundled plans was revised, in favor of data, to reflect the result of a recent network usage study from our Fixed Line business segment.

Voice Services

Revenues from our voice services decreased by Php3,322 million, or 12%, to Php25,178 million in 2018 from Php28,500 million in 2017, primarily due to lower revenues from local exchange and domestic services. The decline was partly due to the continued popularity of services such as Skype, Viber, Line, Facebook Messenger, Google Talk and WhatsApp, offering free OTT calling services, and other similar services, as well as the impact of the revised revenue split allocation. The percentage contribution of voice service revenues to our fixed line service revenues accounted for 31% and 38% for the years ended December 31, 2018 and 2017, respectively.

Data Services

The following table shows information of our data service revenues for the years ended December 31, 2018 and 2017:

	2018	2017	Increase Amount	%
	(amounts in million Php)			
Data service revenues	54,770	44,294	10,476	24
Home broadband	26,733	18,054	8,679	48

Corporate data and ICT	28,037	26,240	1,797	7
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Our data services posted revenues of Php54,770 million in 2018, an increase of Php10,476 million, or 24%, from Php44,294 million in 2017, primarily due to higher home broadband revenues from DSL and Fibr, higher corporate data and leased lines, and higher data center and ICT revenues. The percentage contribution of this service segment to our fixed line service revenues accounted for 67% and 59% for the years ended December 31, 2018 and 2017, respectively.

Home Broadband

Home broadband data revenues amounted to Php26,733 million in 2018, an increase of Php8,679 million, or 48%, from Php18,054 million in 2017. This growth is driven by increasing demand for broadband services which the company is providing through its existing copper network and a nationwide roll-out of its fiber-to-the-home, or FTTH, network, and the transfer of Ultera and Wimax businesses from SBI, as well as the impact of the revised revenue split allocation. Home broadband revenues accounted for 49% and 41% of total data service revenues in the years ended December 31, 2018 and 2017, respectively. In 2018, PLDT's FTTH nationwide network rollout has passed 6.3 million homes.

Corporate Data and ICT

Corporate data services amounted to Php23,991 million in 2018, an increase of Php1,102 million, or 5%, as compared with Php22,889 million in 2017, mainly due to sustained market traction of internet services, such as Dedicated Internet Access and FibrBiz, as a result of higher internet connectivity requirements, and key Multiprotocol Label Switching solutions, such as IP-VPN, Metro Ethernet and Shops.Work. Corporate data revenues accounted for 44% and 52% of total data services in the years ended December 31, 2018 and 2017, respectively.

ICT revenues increased by Php695 million, or 21%, to Php4,046 million in 2018 from Php3,351 million in 2017 mainly due to higher revenues from colocation and managed IT services. The percentage contribution of this service segment to our total data service revenues accounted for 7% in each of the years ended December 31, 2018 and 2017.

Miscellaneous Services

Miscellaneous service revenues are derived mostly from rentals and management fees. These service revenues decreased by Php263 million, or 13%, to Php1,700 million in 2018 from Php1,963 million in 2017 mainly due to lower management fees. The percentage contribution of miscellaneous service revenues to our total fixed line service revenues accounted for 2% and 3% for the years ended December 31, 2018 and 2017, respectively.

Non-service Revenues

Non-service revenues decreased by Php10 million to Php3,574 million in 2018 from Php3,584 million in 2017, primarily due to lower sale of hardware and software, and Fabtab for myDSL retention, partly offset by higher sale of computer bundles, managed ICT equipment, and Ultra devices, combined with the impact of PFRS 15 adjustment.

Expenses

Expenses related to our Fixed Line business segment totaled Php77,782 million in 2018, an increase of Php13,918 million, or 22%, as compared with Php63,864 million in 2017. The increase was primarily due to higher depreciation and amortization, selling, general and administrative expenses, provisions, asset impairment, and interconnection costs. As a percentage of our total fixed line revenues, expenses associated with our Fixed Line business segment accounted for 91% and 82% for the years ended December 31, 2018 and 2017, respectively.

The following table shows the breakdown of our total fixed line-related expenses for the years ended December 31, 2018 and 2017 and the percentage of each expense item in relation to the total:

	2018	%	2017	%	Increase (Decrease) Amount	%
	(amounts in million Php)					
Selling, general and administrative expenses	41,065	53	37,390	59	3,675	10
Depreciation and amortization	22,303	29	15,001	23	7,302	49
Interconnection costs	5,145	7	4,587	7	558	12
Cost of sales and services	4,523	6	4,788	8	(265)	(6)
Provisions	3,527	4	2,098	3	1,429	68

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Asset impairment	1,219	1	—	—	1,219	—
Total	77,782	100	63,864	100	13,918	22

Selling, general and administrative expenses increased by Php3,675 million, or 10%, to Php41,065 million primarily due to higher professional and other contracted services, repairs and maintenance, rent, and selling and promotions expenses, partly offset by lower compensation and employee benefits, mainly as a result of lower incentive plan and MRP costs.

Depreciation and amortization charges increased by Php7,302 million, or 49%, to Php22,303 million mainly due to a higher depreciable asset base and depreciation due to shortened life of certain network equipments resulting from the modernization of facilities to adopt more effective technologies, such as VVDSL and FTTH.

Interconnection costs increased by Php558 million, or 12%, to Php5,145 million, primarily due to higher international interconnection costs, as a result of an increase in international inbound calls that terminated to other domestic carriers, partly offset by lower domestic interconnection costs.

Cost of sales and services decreased by Php265 million, or 6%, to Php4,523 million, primarily due to lower cost of hardware and software, Fabtab for myDSL retention, and TVolution units, partly offset by higher cost of services.

Provisions increased by Php1,429 million, or 68%, to Php3,527 million, primarily due to higher provision for doubtful accounts mainly due to lower collection efficiency, and higher provision for inventory obsolescence due to provision for network materials resulting from the modernization of facilities.

Asset impairment amounted to Php1,219 million in 2018 primarily due to the impairment provision for property and equipment of Digital.

Other Income (Expenses)

The following table summarizes the breakdown of our total fixed line-related other income (expenses) for the years ended December 31, 2018 and 2017:

	2018	2017	Change	
	(amounts in million Php)		Amount	%
Other Income (Expenses):				
Financing costs – net	(5,195)	(5,106)	(89)	(2)
Foreign exchange losses	(58)	(98)	40	41
Equity share in net earnings of associates	171	44	127	289
Gains on derivative financial instruments – net	355	251	104	41
Interest income	812	695	117	17
Other income – net	3,870	891	2,979	334
Total	(45)	(3,323)	3,278	99

Our Fixed Line business segment's other expenses amounted to Php45 million in 2018, a decrease of Php3,278 million, or 99%, from Php3,323 million in 2017, mainly due to the combined effects of the following: (i) higher other income – net by Php2,979 million, mainly due to the impairment of investment in Hastings PDRs in 2017 while nil in 2018, and higher other miscellaneous income; (ii) higher equity share in net earnings of associates by Php127 million; (iii) higher interest income by Php117 million; (iv) higher net gains on derivative financial instruments by Php104 million; (v) lower foreign exchange losses by Php40 million; and (vi) higher net financing costs by Php89 million.

Provision for Income Tax

Provision for income tax amounted to Php1,336 million in 2018, a decrease of Php2,344 million, or 64%, from Php3,680 million in 2017, mainly due to lower taxable income.

Net Income

As a result of the foregoing, our Fixed Line business segment's registered a net income of Php6,059 million in 2018, a decrease of Php1,415 million, or 19%, as compared with Php7,474 million in 2017.

EBITDA

Our Fixed Line business segment's EBITDA increased by Php1,397 million, or 5%, to Php30,875 million in 2018 from Php29,478 million in 2017. EBITDA margin decreased to 38% in 2018 from 39% in 2017.

Core Income

Our Fixed Line business segment's core income decreased by Php1,921 million, or 22%, to Php6,925 million in 2018 from Php8,846 million in 2017, primarily as a result of higher depreciation expense, partially offset by higher EBITDA and lower provision for income tax.

Others

Revenues

Revenues generated from our Other business segment, which include revenues from digital platforms and mobile financial services, amounted to Php1,138 million in 2018, a decrease of Php141 million, or 11%, from Php1,279 million in the same period in 2017, due mainly to the deconsolidation of VIH.

Expenses

Expenses related to our Other business segment totaled Php4,093 million in 2018, an increase of Php1,319 million, or 48%, from Php2,774 million in the same period in 2017, due to higher selling, general and administrative expenses of VIH.

Other Income (Expenses)

The following table summarizes the breakdown of other income (expenses) for Other business segment for the years ended December 31, 2018 and 2017:

	2018	2017	Change Amount	%
	(amounts in million Php)			
Other Income (Expenses):				
Interest income	536	655	(119)	(18)
Gain on derivative financial instruments – net	282	—	282	100
Financing costs – net	(131)	(214)	83	39
Equity share in net earnings (losses) of associates and joint ventures	(320)	2,991	(3,311)	(111)
Foreign exchange losses – net	(588)	(256)	(332)	(130)
Other income – net	12,320	7,354	4,966	68
Total	12,099	10,530	1,569	15

Our Other business segment's other income amounted to Php12,099 million in 2018, an increase of Php1,569 million, or 15%, from Php10,530 million in 2017, primarily due to the combined effects of the following: (i) higher other income – net by Php4,966 million mainly due to gain on the loss of control on VIH and realized gain on fair value of Rocket Internet investment in 2018, partly offset by gain on sale of Beacon shares and gain on conversion of iflix convertible notes in 2017, and unrealized loss on fair value of iflix investment in 2018; (ii) net gains on derivative financial instruments of Php282 million in 2018; (iii) lower net financing costs by Php83 million; (iv) lower interest income by Php119 million; (v) higher net foreign exchange losses by Php332 million; and (vi) equity share in net losses of associates and joint ventures of Php320 million in 2018 as against equity share in net earnings of associates and joint ventures of Php2,991 million in 2017 mainly due to sale of Beacon shares and SPi Global in 2017.

Net Income

As a result of the foregoing, our Other business segment registered a net income of Php7,971 million in 2018, a decrease of Php854 million, or 10%, from Php8,825 million in 2017.

EBITDA

Our Other business segment's EBITDA amounted to negative Php2,688 million in 2018, an increase of Php1,381 million, or 106%, from negative Php1,307 million in 2017.

Core Income

Our Other business segment's core income amounted to Php9,952 million in 2018, an increase of Php324 million, or 3%, as compared with Php9,628 million in 2017, primarily as a result of higher miscellaneous income, partially offset by equity share in net losses of associates and joint ventures in 2018, higher negative EBITDA and higher provision for income tax.

Liquidity and Capital Resources

The following table shows our consolidated cash flows for the years ended December 31, 2018 and 2017, as well as our consolidated capitalization and other consolidated selected financial data as at December 31, 2018 and 2017:

	Years ended December 31,	
	2018	2017
	(amounts in million Php)	
Cash Flows		
Net cash flows provided by operating activities	61,116	56,114
Net cash flows used in investing activities	(25,054)	(21,060)
Payment for purchase of property and equipment, including capitalized interest	48,771	37,432
Net cash flows used in financing activities	(18,144)	(40,319)
Net increase (decrease) in cash and cash equivalents	18,749	(5,817)
		December 31,
		2018 2017
		(amounts in million Php)
Capitalization		
Long-term portion of interest-bearing financial liabilities – net of current portion:		
Long-term debt	155,835	157,654
Current portion of interest-bearing financial liabilities:		
Long-term debt maturing within one year	20,441	14,957
Total interest-bearing financial liabilities	176,276	172,611
Total equity attributable to equity holders of PLDT	112,358	106,842
	288,634	279,453
Other Selected Financial Data		

Total assets	482,750	459,444
Property and equipment	195,964	186,907
Cash and cash equivalents	51,654	32,905
Short-term investments	1,165	1,074

Our consolidated cash and cash equivalents and short-term investments totaled Php52,819 million as at December 31, 2018. Principal sources of consolidated cash and cash equivalents in 2018 were: (1) cash flows from operating activities amounting to Php61,116 million; (2) proceeds from availment of long-term debt of Php20,500 million; (3) proceeds from disposal of Rocket Internet shares of Php11,405 million and proceeds from repurchase of Matrixx's Convertible Series B Preferred Stock of Php237 million; (4) proceeds from sale of receivables from Metro Pacific Investments Corporation, or MPIC, of Php6,976 million; (5) collection of receivables from MPIC of Php4,451 million; (6) proceeds from disposal of Hastings PDRs of Php1,664 million; (7) interest received of Php1,115 million; (8) proceeds from collection of derivative financial instruments of Php886 million; and (9) proceeds from disposal of property and equipment of Php345 million. These funds were used principally for: (1) payment for purchase of property and equipment, including capitalized interest, of Php48,771 million; (2) debt principal and interest payments of Php18,740 million and Php6,614 million, respectively; (3) cash dividend payments of Php13,928 million; and (4) payment for purchase of investment in Multisys Technologies Corporation, or Multisys, of Php1,588 million and net decrease in cash resulting from deconsolidation of VIH of Php1,186 million.

Our consolidated cash and cash equivalents and short-term investments totaled Php33,979 million as at December 31, 2017. Principal sources of consolidated cash and cash equivalents in 2017 were: (1) cash flows from operating activities amounting to Php56,114 million; (2) proceeds from availment of long-term debt of Php26,255 million; (3) proceeds from disposal of investment in associates and joint ventures of Php14,884 million; (4) proceeds from issuance of perpetual notes of Php4,165 million; (5) collection of receivables from MPIC of Php2,001 million; (6) net proceeds from maturity of short-term investments of Php1,830 million; (7) interest received of Php1,217 million; (8) net proceeds from disposal of investments available-for-sale of Php924 million; (9) dividends received of Php833 million; (10) proceeds from disposal of property and equipment of Php484 million; (11) net proceeds from redemption of investment in debt securities of Php456 million; and (12) proceeds from disposal of investment properties of Php290 million. These funds were used principally for: (1) debt principal and interest payments of Php39,199 million and Php7,076 million, respectively; (2) payment for purchase of property and equipment, including capitalized interest, of Php37,432 million; (3) cash dividend payments of Php16,617 million; (4) net reduction in capital expenditures under long-term financing of Php7,735 million; (5) payment for purchase of investment in associates and joint ventures, mainly payment to VTI and Bow Arken of Php5,533 million and Php100 million additional funding to AFPI.

Operating Activities

Our consolidated net cash flows provided by operating activities increased by Php5,002 million, or 9%, to Php61,116 million in 2018 from Php56,114 million in 2017, primarily due to lower level of settlement of accounts payable and other liabilities, lower corporate taxes paid and lower prepayments, partially offset by higher advances and other noncurrent assets, lower collection of receivables and lower operating income.

Cash flows provided by operating activities of our Wireless business segment increased by Php7,559 million, or 24%, to Php39,296 million in 2018 from Php31,737 million in 2017, primarily due to higher collection of receivables, lower level of settlement of accounts payable and other liabilities, lower corporate taxes paid and lower prepayments, partially offset by higher advances and other noncurrent assets and lower operating income. Cash flows provided by operating activities of our Fixed Line business segment decreased by Php2,950 million, or 12%, to Php22,601 million in 2018 from Php25,551 million in 2017, primarily due to higher advances and other noncurrent assets, higher level of settlement of accounts payable and other liabilities, and higher corporate taxes paid, partially offset by higher operating income and higher collection of receivables. Cash flows used in operating activities of our Other business segment decreased by Php475 million, or 59%, to Php329 million in 2018 from Php804 million in 2017, mainly due to lower level of settlement of accounts payable, partly offset by lower collection of receivables and higher operating loss.

Investing Activities

Consolidated net cash flows used in investing activities amounted to Php25,054 million in 2018, an increase of Php3,994 million, or 19%, from Php21,060 million in 2017, primarily due to the combined effects of the following: (1) lower proceeds from disposal of investment in associates and joint ventures by Php14,838 million mainly due to proceeds from disposal of the remaining Beacon shares in 2017; (2) higher payment for purchase of property and equipment, including capitalized interest, by Php11,339 million; (3) higher payment for purchase of investment, mainly investment in Multisys amounting to Php1,588 million and decrease in cash resulting from deconsolidation of VIH of Php1,186 million; (4) lower net proceeds from maturity of short-term investments by Php1,720 million; (5) proceeds from redemption of Beacon's Class B Preferred Shares of Php1,000 million in 2017; (6) dividends received

of Php833 million in 2017; (7) proceeds from disposal of Hastings PDRs of Php1,664 million in 2018; (8) higher collection of receivables from MPIC by Php2,450 million; (9) proceeds from sale of receivables from MPIC of Php6,976 million in 2018; (10) lower payment for purchase of investments in associates and joint ventures by Php5,522 million, mainly investment in VTI; and (11) proceeds from sale of Rocket Internet shares of Php11,405 million and proceeds from repurchase of Matrixx's Convertible Series B Preferred Stock of Php237 million in 2018.

Our consolidated payment for purchase of property and equipment, including capitalized interest, in 2018 totaled Php48,771 million, an increase of Php11,339 million as compared with Php37,432 million in 2017. Smart Group's capital spending increased by Php7,579 million, or 31%, to Php31,884 million in 2018 from Php24,305 million in 2017. Smart Group's capex spending was primarily focused on expansion of LTE (4G) coverage and capacity. PLDT's capital spending increased by Php4,118 million, or 37%, to Php15,252 million in 2018 from Php11,134 million in 2017. PLDT's capex spending was used to finance the modernization program and the continuous facility roll-out and expansion of our domestic fiber optic network, as well as expansion of our data center business. The balance represents other subsidiaries' capital spending.

As part of our growth strategy, we may from time to time, continue to make acquisitions and investments in companies or businesses.

Financing Activities

On a consolidated basis, cash flows used in financing activities amounted to Php18,144 million in 2018, a decrease of Php22,175 million, or 55%, from Php40,319 million in 2017, resulting largely from the combined effects of the following: (1) lower payments of long-term debt and interest by Php20,459 million and Php462 million, respectively; (2) net settlement of capital expenditures under long-term financing of Php7,735 million in 2017; (3) lower cash dividend payments by Php2,689 million; (4) proceeds from issuance of perpetual notes of Php4,165 million in 2017; and (5) lower proceeds from availment of long-term debt by Php5,755 million.

Debt Financing

Proceeds from availment of long-term debt for the year ended December 31, 2018 amounted to Php20,500 million, mainly from PLDT's and Smart's drawings related to the financing of capital expenditure requirements and refinancing of maturing loan obligations. Payments of principal and interest on our total debt amounted to Php18,740 million and Php6,614 million, respectively, for the year ended December 31, 2018.

Our consolidated long-term debt increased by Php3,665 million, or 2%, to Php176,276 million as at December 31, 2018 from Php172,611 million as at December 31, 2017, primarily due to drawings from our long-term facilities and the depreciation of the Philippine peso relative to the U.S. dollar, partly offset by debt amortizations. As at December 31, 2018, the long-term debt level of Smart increased by 6% to Php65,996 million from Php62,388 as at December 31, 2017, and PLDT's long-term debt level increased to Php110,280 million from Php110,223 million as at December 31, 2017.

See Note 20 – Interest-bearing Financial Liabilities – Long-term Debt to the accompanying unaudited consolidated financial statements for a more detailed discussion of our long-term debt.

Debt Covenants

Our consolidated debt instruments contain restrictive covenants, including covenants that require us to comply with specified financial ratios and other financial tests, calculated in conformity with PFRS, at relevant measurement dates, principally at the end of each quarterly period. We have complied with all of our maintenance financial ratios as required under our loan covenants and other debt instruments.

As at December 31, 2018 and 2017, we are in compliance with all of our debt covenants.

See Note 20 – Interest-bearing Financial Liabilities – Compliance with Debt Covenants to the accompanying unaudited consolidated financial statements for a more detailed discussion of our debt covenants.

Financing Requirements

We believe that our available cash, including cash flow from operations, will provide sufficient liquidity to fund our projected operating, investment, capital expenditures and debt service requirements for the next 12 months; however, we may finance a portion of these costs from external sources if we consider it prudent to do so.

The following table shows the dividends declared to shareholders from the earnings for the years ended December 31, 2018 and 2017:

Earnings	Date			Amount Per share (in million Php, except per share amount)
	Approved ⁽¹⁾	Record	Payable	
2018				
Common				
Regular Dividend	August 9, 2018	August 28, 2018	September 11, 2018	36 7,778
Preferred				
Series IV Cumulative Non-convertible				
Redeemable Preferred Stock ⁽¹⁾	January 22, 2018	February 21, 2018	March 15, 2018	— 12
	May 10, 2018	May 25, 2018	June 15, 2018	— 12
	August 9, 2018	August 28, 2018	September 15, 2018	— 13
	November 8, 2018	November 23, 2018	December 15, 2018	— 12
Voting Preferred Stock	March 8, 2018	March 28, 2018	April 15, 2018	— 3
	June 13, 2018	June 29, 2018	July 15, 2018	— 2
	September 25, 2018	October 9, 2018	October 15, 2018	— 2
	December 4, 2018	December 19, 2018	January 15, 2019	— 3
Charged to Retained Earnings				7,837
2017				
Common				
Regular Dividend	August 10, 2017	August 25, 2017	September 8, 2017	48 10,371
	March 27, 2018	April 13, 2018	April 27, 2018	28 6,050
Preferred				
Series IV Cumulative Non-convertible				
Redeemable Preferred Stock ⁽¹⁾	February 7, 2017	February 24, 2017	March 15, 2017	— 12
	May 12, 2017	May 26, 2017	June 15, 2017	— 12
	August 10, 2017	August 25, 2017	September 15, 2017	— 13
	November 9, 2017	November 23, 2017	December 15, 2017	— 12
Voting Preferred Stock	March 7, 2017	March 30, 2017	April 15, 2017	— 3
	June 13, 2017	June 27, 2017	July 15, 2017	— 2
	September 26, 2017	October 10, 2017	October 15, 2017	— 2
	December 5, 2017	December 20, 2017	January 15, 2018	— 3

Charged to Retained Earnings	16,480
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⁽¹⁾Dividends were declared based on total amount paid up.

See Note 19 – Equity to the accompanying unaudited consolidated financial statements for further details.

Changes in Financial Conditions

Our total assets amounted to Php482,750 million as at December 31, 2018, an increase of Php23,306 million, or 5%, from Php459,444 million as at December 31, 2017, primarily due to higher cash and cash equivalents, property and equipment, and investment in associates and joint ventures, mainly due to investment in VIH and Multisys, partially offset by lower financial assets at fair value through profit and loss, mainly due to sale of Rocket Internet shares, and lower financial assets at fair value through other comprehensive income, mainly on account of sale of MPIC receivables. Starting 2018, available-for-sale financial investments are presented as financial assets at fair value through profit or loss according to PFRS 9.

Our total liabilities amounted to Php366,084 million as at December 31, 2018, an increase of Php17,823 million, or 5%, from Php348,261 million as at December 31, 2017 significantly due to higher accounts payable, and accrued expenses and other liabilities, combined with higher interest-bearing financial liabilities.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements that have or are reasonably likely to have any current or future effect on our financial position, results of operations, cash flows, changes in stockholders' equity, liquidity, capital expenditures or capital resources that are material to investors.

Equity Financing

On August 2, 2016, the PLDT Board of Directors approved the amendment of our dividend policy, reducing our dividend payout rate to 60% of our core earnings per share as regular dividends. This was in view of the elevated capital expenditures to support the build-out of a resilient and reliable data network, lower EBITDA primarily due to higher subsidies to grow the data business and defend market share, and the resources required to support the acquisition of SMC's telecommunications business. In declaring dividends, we take into consideration the interest of our shareholders, as well as our working capital, capital expenditures and debt servicing requirements. The retention of earnings may be necessary to meet the funding requirements of our business expansion and development programs. However, in the event that no investment opportunities arise, we may consider the option of returning additional cash to our shareholders in the form of special dividends of up to the balance of our core earnings or to undertake share buybacks. We were able to pay out approximately 100% of our core earnings for seven consecutive years from 2007 to 2013, approximately 90% of our core earnings for 2014, 75% of our core earnings for 2015 and 60% of our core earnings for 2016, 2017 and 2018. The accumulated equity in the net earnings of our subsidiaries, which form part of our retained earnings, are not available for distribution unless realized in the form of dividends from such subsidiaries. Dividends are generally paid in Philippine pesos. In the case of shareholders residing outside the Philippines, PLDT's transfer agent in Manila, Philippines, as the dividend-disbursing agent, converts the Philippine peso dividends into U.S. dollars at the prevailing exchange rate and remits the dollar dividends abroad, net of any applicable withholding tax.

Our subsidiaries pay dividends subject to the requirements of applicable laws and regulations and availability of unrestricted retained earnings, without any restriction imposed by the terms of contractual agreements. Notwithstanding the foregoing, the subsidiaries of PLDT may, at any time, declare and pay such dividends depending upon the results of operations and future projects and plans, the respective subsidiary's earnings, cash flow, financial condition, capital investment requirements and other factors.

Consolidated cash dividend payments for the year ended December 31, 2018 amounted to Php13,928 million as compared with Php16,617 million paid to shareholders in the same period in 2017.

Contractual Obligations and Commercial Commitments

Contractual Obligations

For a detailed discussion of our consolidated contractual undiscounted obligations as at December 31, 2018 and 2017, see Note 27 – Financial Assets and Liabilities to the accompanying unaudited consolidated financial statements.

Commercial Commitments

Our outstanding consolidated commercial commitments, in the form of letters of credit, amounted to Php20 million and Php88 million as at December 31, 2018 and 2017, respectively. These commitments will expire within one year.

Quantitative and Qualitative Disclosures about Market Risks

Our operations are exposed to various risks, including liquidity risk, foreign currency exchange risk, interest rate risk, credit risk and capital management risk. The importance of managing these risks has significantly increased in light of considerable change and continuing volatility in both the Philippine and international financial markets. With a view to managing these risks, we have incorporated financial risk management functions in our organization,

particularly in our treasury operations, equity issuances and sale of certain assets.

For further discussions of these risks, see Note 27 – Financial Assets and Liabilities to the accompanying unaudited consolidated financial statements.

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The following table sets forth the estimated consolidated fair values of our financial assets and liabilities recognized as at December 31, 2018 and September 30, 2018 other than those whose carrying amounts are reasonable approximations of fair values:

	Fair Values	
	December 31, 2018	September 30, 2018
	(amounts in million Php)	
Noncurrent Financial Assets		
Debt instruments at amortized cost – net of current portion	148	150
Financial assets at fair value through other comprehensive income – net of current portion	2,749	2,749
Other financial assets – net of current portion	2,020	2,275
Total noncurrent financial assets	4,917	5,174
Noncurrent Financial Liabilities		
Interest-bearing financial liabilities	139,504	155,835
Customers' deposits	1,305	2,194
Deferred credits and other noncurrent liabilities	2,583	1,261
Total noncurrent financial liabilities	143,392	149,507

The following table sets forth the amount of gains (losses) recognized for the financial assets and liabilities for the year ended December 31, 2018 and the nine months ended September 30, 2018:

	December 31, 2018	September 30, 2018
	(amounts in million Php)	
Profit and Loss		
Interest income	1,943	1,396
Gains on derivative financial instruments – net	1,086	1,053
Accretion on financial liabilities	(145)	(108)
Interest on loans and other related items	(8,307)	(6,169)
Other Comprehensive Income		
Net fair value losses on cash flow hedges – net of tax	(271)	(146)
Net gains on available-for-sale financial investments – net of tax	—	10

Impact of Inflation and Changing Prices

Inflation can be a significant factor in the Philippine economy, and we are continually seeking ways to minimize its impact. The average inflation rate in the Philippines for the years ended December 31, 2018 and 2017 were 5.2% and 2.9%, respectively. We expect inflation to ease given BSP's outlook that it will be within the target range of 2% to 4% in 2019.

PART II – OTHER INFORMATION

Investment of PGIH in Multisys

On November 8, 2018, the PLDT Board of Directors approved the investment of Php2,150 million in Multisys for a 45.73% equity interest through its wholly-owned subsidiary, PGIH. Multisys is a Philippine software development and IT solutions provider engaged in designing, developing, implementing business system solutions and services covering courseware, webpage development and designing user-defined system programming. PGIH's investment involves the acquisition of new and existing shares.

On December 3, 2018, PGIH completed the closing of its investment in Multisys. PGIH paid Php523 million to the owner of Multisys for the acquisition of existing shares and invested Php800 million into Multisys as a deposit for future subscription pending the approval by the Philippine SEC of the capital increase of Multisys.

On February 1, 2019, the Philippine SEC approved the capital increase of Multisys. This resulted to an increase in the total equity ownership of PGIH in Multisys to 45.73%.

Loss of Control of PCEV over VIH

On October 4, 2018, PLDT, as the ultimate Parent Company of PCEV, VIH, Vision Investment Holdings Pte. Ltd., or Vision, an entity indirectly controlled by KKR & Co., Inc., or KKR, and Cerulean Investment Limited, or Cerulean, an entity indirectly owned and controlled by Tencent Holdings Limited, or Tencent, entered into subscription agreements under which Vision and Cerulean, or the Lead Investors, will separately subscribe to and VIH will allot and issue to the Lead Investors a total of up to US\$175 million Convertible Class A Preferred Shares of VIH, with an option for VIH to allot and issue up to US\$50 million Convertible Class A Preferred Shares to such follower investors as may be agreed among VIH, PLDT and the Lead Investors, or the upside option.

On November 26, 2018, PLDT, the International Finance Corporation, or IFC, and IFC Emerging Asia Fund, or IFC EAF, a fund managed by IFC Asset Management Company, entered into subscription agreements under which IFC and IFC EAF, the follower investors, will separately subscribe to and VIH will allot and issue to the follower investors a total of up to US\$40 million Convertible Class A Preferred Shares of VIH pursuant to the upside option.

The foregoing investment in VIH is not subject to the compulsory merger notification regime under the Philippine Competition Act and its implementing rules and regulations. In addition, the Bangko Sentral ng Pilipinas confirmed that it interposes no objection to the investment.

On November 28, 2018, VIH received the US\$175 million funding from KKR and Tencent. Upon closing of this investment transaction, PCEV's ownership was reduced to 53.87% and PCEV retained only two Board seats in the investee, resulting to a loss of control.

On December 10, 2018, VIH received the US\$40 million funding from IFC and IFC EAF. As a result, PCEV's ownership was further reduced to 48.74%.

ePLDT's Additional Investment in ePDS

On August 7, 2018, the Board of Directors of ePLDT approved the additional investment in ePDS amounting to Php66 million, thereby increasing its equity interest in ePDS from 67% to 95%.

Sale of Rocket Internet Shares

On April 16, 2018, Rocket Internet announced the buyback of up to 15.5 million Rocket Internet shares through a public share purchase offer, or the Offer, against payment of an offer price in the amount of €24 per share. PLDT Online Investments Pte. Ltd., or PLDT Online, committed to accept the Offer of Rocket Internet for at least 6.8 million shares, or approximately 67.4% of the total number of Rocket Internet shares directly held by PLDT Online.

On May 4, 2018, Rocket Internet accepted the tender of PLDT Online of 6.8 million shares, for a total consideration of €163.2 million, or Php10,059 million, which was settled on May 9, 2018, reducing the equity ownership in Rocket Internet from 6.1% to 2.0%.

On May 23, 2018, Rocket Internet redeemed 10.8 million shares, reducing its share capital of the company to €154 million. As a result of the redemption of shares, PLDT Online's equity ownership in Rocket Internet increased from 2.0% to 2.1%.

On various dates in the third quarter of 2018, PLDT Online sold 0.7 million Rocket Internet shares for an aggregate amount of €22 million, or Php1,346 million, reducing the equity ownership in Rocket Internet from 2.1% to 1.7%.

Conversion of PLDT Online's iflix Convertible Note

On August 4, 2017, PLDT Online subscribed to a convertible note of iflix for US\$1.5 million, or Php75 million, in a new funding round led by Hearst Entertainment. The convertible note was paid on August 8, 2017. The note is zero coupon, senior and unsubordinated, non-redeemable, transferable and convertible into Series B Preferred Shares subject to occurrence of a conversion event. iflix will use the funds to invest in its local content strategy and for its regional and international expansion.

On December 15, 2018, the US\$1.5 million convertible note held by PLDT Online was converted into 1.0 million Series B Preferred Shares of iflix upon the occurrence of the cut-off date. After the conversion of all outstanding convertible notes, PLDT Online's equity ownership in iflix was reduced from 7.3% to 5.3%.

Investment of PLDT Capital in Phunware

On September 3, 2015, PLDT Capital subscribed to an 8% US\$5 million Convertible Promissory Note, or Note, issued by Phunware, a Delaware corporation. Phunware provides an expansive mobile delivery platform that creates, markets, and monetizes mobile application experiences across multiple screens. The US\$5 million Note was issued to and paid for by PLDT Capital on September 4, 2015.

On December 18, 2015, PLDT Capital subscribed to Series F Preferred Shares of Phunware for a total consideration of US\$3 million. On the same date, the Note and its related interest were converted to additional Phunware Series F Preferred Shares.

On February 27, 2018, Phunware entered into a definitive Agreement and Plan of Merger, or Merger Agreement, with Stellar Acquisition III, Inc., or Stellar, relating to a business combination transaction for an enterprise value of US\$301 million, on a cash-free, debt-free basis. Pursuant to the Merger Agreement, the holders of Phunware common stock will be entitled to the right to receive the applicable portion of the merger consideration in the form of Stellar common shares, which are listed on the Nasdaq Stock Market. As a result, the holders of Phunware preferred stock have requested the automatic conversion of all outstanding preferred shares into common shares effective as of immediately prior to the closing of the transaction on a conversion ratio of one common share per one preferred share. In addition to the right to receive Stellar common shares, each holder of Phunware stock is entitled to elect to receive its pro rata share of warrants to purchase Stellar common shares that are held by the affiliate companies of Stellar's co-Chief Executive Officers, or Stellar's Sponsors.

On November 28, 2018, PLDT Capital elected to receive its full pro rata share of the warrants to purchase Stellar common shares held by Stellar's Sponsors.

On December 26, 2018, Phunware announced the consummation of its business combination with Stellar. Stellar, the new Phunware holding company, changed its corporate name to “Phunware, Inc.,” or PHUN, and Phunware changed its corporate name to “Phunware OpCo, Inc.” Upon closing, PLDT Capital received the PHUN common shares equivalent to its portion of the merger consideration and its full pro rata share of warrants to purchase PHUN common shares.

Investment of PLDT Capital in Matrixx

On December 18, 2015, PLDT Capital entered into a Stock and Warrant Purchase Agreement with Matrixx, a Delaware corporation. Matrixx provides the IT foundation to move to an all-digital service environment with a new real-time technology platform designed to handle the surge in interactions without forcing the compromises of conventional technology. Under the terms of the agreement, PLDT Capital subscribed to convertible Series B Preferred Stock of Matrixx for a total consideration of US\$5 million, or Php237 million, and was entitled to purchase additional Series B Preferred Stock upon occurrence of certain conditions on or before March 15, 2016. PLDT Capital did not exercise its right to purchase additional Series B Preferred Stock of Matrixx.

On December 20, 2018, Matrixx entered into a Repurchase Agreement with PLDT Capital to repurchase all of its capital stock held by PLDT Capital including a warrant to purchase capital stock for US\$5 million. The transaction closed on the same day.

Investment of iCommerce in Philippines Internet Holding S.à.r.l., or PHIH

On January 20, 2015, PLDT and Rocket Internet entered into a joint venture agreement designed to foster the development of internet-based businesses in the Philippines. PLDT, through its subsidiary, Voyager, and Asia Internet Holding S.à r.l., or AIH, which is 50%-owned by Rocket Internet, were the initial shareholders of the joint venture company PHIH. iCommerce, former subsidiary of Voyager, replaced the latter as shareholder of PHIH on October 14, 2015 and held a 33.33% equity interest in PHIH.

The objective of PHIH was the creation and development of online businesses in the Philippines, the leveraging of local market and business model insights, the facilitation of commercial, strategic and investment partnerships, and the acceleration of the rollout of online startups in the Philippines. In accordance with the underlying agreements, iCommerce paid approximately €7.4 million to PHIH as contribution to capital. Payment of another contribution by iCommerce to the PHIH capital of approximately €2.6 million was requested in 2016 and remained outstanding.

On September 5, 2017, AIH initiated arbitral proceedings via the German Arbitration Institute (DIS) against iCommerce for not settling the €2.6 million contribution. AIH required the payment of €2.6 million plus interest and all costs of the arbitral proceedings.

On December 14, 2017, the management and operations of iCommerce was transferred from VIH to PLDT Online. As a result, VIH ceased to have any direct interest in iCommerce and any indirect interest in PHIH. See Note 2 – Summary of Significant Accounting Policies – Transfer of iCommerce to PLDT Online.

On April 19, 2018, iCommerce, together with PLDT and Voyager, executed a Settlement Agreement with AIH to terminate the arbitral proceedings and to settle disputes over rights and obligations in connection with the PHIH agreements. On the same date, iCommerce executed a Share Transfer Agreement with AIH to transfer its PHIH shares to AIH. As a result, iCommerce gave up its 33.33% equity interest for zero value and its claims over the remaining cash of PHIH. iCommerce, AIH and PHIH waived all other claims in connection with PHIH, including any claims against iCommerce.

In separate letters dated April 26, 2018, iCommerce and AIH informed the DIS that both parties have concluded an out-of-court settlement with AIH requesting for the termination of the arbitral proceedings.

On May 7, 2018, iCommerce received the order of the DIS for the termination of the arbitral proceedings and the administrative fees to be paid in relation to the arbitral proceedings. With the foregoing, iCommerce has completed the exit from the joint venture.

Consolidation of the Digital Investments of Smart under PCEV

On February 27, 2018, the Board of Directors of PCEV approved the consolidation of the various digital investments under PCEV.

On March 14, 2018, PCEV entered into a Share Purchase Agreement with Voyager to purchase 53 million ordinary shares of VIH, representing 100% of the issued and outstanding ordinary shares of VIH, for a total consideration of Php465 million. The total consideration was settled on March 15, 2018, while the transfer of shares to PCEV was completed on April 6, 2018.

On March 14, 2018, VIH entered into Share Purchase Agreement with Smart to purchase all of its 170 million common shares of Voyager for a total consideration of Php3,527 million. The total consideration was settled on April 16, 2018.

On April 12, 2018, PCEV entered into a Subscription Agreement with VIH to subscribe to additional 96 million ordinary shares of VIH with a par value of SG\$1.00 per ordinary shares, for a total subscription price of SG\$96 million, or Php3,806 million, which was settled on April 13, 2018.

PCEV's Sale of Receivables from MPIC

On March 2, 2018, PCEV entered into a Receivables Purchase Agreement, or RPA, with various financial institutions, or the Purchasers, to sell a portion of its receivables from MPIC due in 2019 to 2021 amounting to Php5,550 million for a total consideration of Php4,852 million, which was settled on March 5, 2018. Under the terms of the RPA, the Purchasers will have exclusive ownership of the purchased receivables and all of its rights, title, and interest.

On March 23, 2018, PCEV entered into another RPA with a financial institution to sell a portion of its receivables from MPIC due in 2019 amounting to Php2,230 million for a total consideration of Php2,124 million, which was settled on April 2, 2018.

Agreement between PLDT and Smart and Amdocs

On January 24, 2018, PLDT and Smart entered into a seven-year, US\$300 million Managed Transformation Agreement with Amdocs, a leading provider of software and services to communications and media companies, to upgrade PLDT's business IT systems and improve its business processes and services, aimed at enhancing consumer satisfaction, reducing costs and generating increased revenues.

On September 28, 2018, PLDT and Amdocs expanded their strategic partnership under a new six-year service agreement to consolidate, modernize and manage PLDT and Smart's IT Infrastructure, to further enhance customer experience and engagement.

Transfer of Hastings PDRs to PLDT Beneficial Trust Fund

On January 22, 2018, ePLDT's Board of Directors approved the assignment of the Hastings PDRs, representing 70% economic interest in Hastings Holdings, Inc., to the PLDT Beneficial Trust Fund for a total consideration of Php1,664 million. The assignment was completed on February 15, 2018 and ePLDT subsequently ceased to have any economic interest in Hastings.

Divestment of CURE

On October 26, 2011, PLDT received the Order issued by the NTC approving the application jointly filed by PLDT and Digitel for the sale and transfer of approximately 51.6% of the outstanding common stock of Digitel to PLDT. The approval of the application was subject to conditions which included the divestment by PLDT of CURE, in accordance with the Divestment Plan.

In a letter dated July 26, 2012, Smart informed the NTC that it has complied with the terms and conditions of the divestment plan as CURE had rearranged its assets, such that, except for assets necessary to pay off obligations due after June 30, 2012 and certain tax assets, CURE's only remaining assets as at June 30, 2012 were its congressional franchise, the 10MHz of 3G frequency in the 2100 band and related permits.

In a letter dated September 10, 2012, Smart informed the NTC that the minimum Cost Recovery Amount, or CRA, to enable PLDT to recover its investment in CURE includes, among others, the total cost of equity investments in CURE, advances from Smart for operating requirements, advances from stockholders and associated funding costs. In a letter dated January 21, 2013, the NTC referred the computation of the CRA to the Commissioners of the NTC.

In a letter dated March 5, 2018, PLDT informed the NTC that it is waiving its right to recover any and all costs related to the 10MHz of 3G radio frequency previously assigned to CURE. Accordingly, CURE will not claim any cost

associated with it in the event of subsequent assignment by the NTC to another qualified telecommunications company. With the foregoing, PLDT is deemed to have fully complied with its obligation to divest from CURE as a condition to the sale and transfer of DTPI shares to PLDT.

See Note 2 – Summary of Significant Accounting Policies – Divestment of CURE to the accompanying unaudited consolidated financial statements for further details.

For updates on matters relating to the (1) Department of Labor and Employment, or DOLE, Compliance Order to PLDT, see Note 26 – Provisions and Contingencies; (2) Petition against the Philippine Competition Commission, see Note 10 – Investment in Associates and Joint Ventures; and (3) Wilson Gamboa and Jose M. Roy III Petition, see Note 26 – Provisions and Contingencies, to the accompanying unaudited consolidated financial statements.

Related Party Transactions

For a detailed discussion of the related party transactions, see Note 24 – Related Party Transactions to the accompanying unaudited consolidated financial statements.

ANNEX I – AGING OF ACCOUNTS RECEIVABLE

The following table shows the aging of our consolidated receivables as at December 31, 2018:

Type of Accounts Receivable	Total	Current	Over		
			31-60	61-90	91
	(amounts in million Php)				
Retail subscribers	19,444	10,404	992	318	7,730
Corporate subscribers	11,073	2,789	2,275	1,089	4,920
Foreign administrations	4,225	1,408	183	125	2,509
Domestic carriers	270	60	52	19	139
Dealers, agents and others	5,547	2,945	456	113	2,033
Total	40,559	17,606	3,958	1,664	17,331
Less: Allowance for doubtful accounts	16,634				
Total Receivables - net	23,925				

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ANNEX II – Financial Soundness Indicators

The following table shows our financial soundness indicators as at December 31, 2018 and 2017:

	2018	2017		
Current Ratio ⁽¹⁾	0.52:1.0	0.53:1.0		
Net Debt to Equity Ratio ⁽²⁾	1.10:1.0	1.30:1.0		
Net Debt to EBITDA Ratio ⁽³⁾	1.93:1.0	2.09:1.0		
Total Debt to EBITDA Ratio ⁽⁴⁾	2.75:1.0	2.61:1.0		
Asset to Equity Ratio ⁽⁵⁾	4.30:1.0	4.30:1.0		
Interest Coverage Ratio ⁽⁶⁾	4.19:1.0	2.93:1.0		
Profit Margin ⁽⁷⁾	12	8	%	%
Return on Assets ⁽⁸⁾	4	3	%	%
Return on Equity ⁽⁹⁾	17	13	%	%
EBITDA Margin ⁽¹⁰⁾	42	44	%	%

⁽¹⁾Current ratio is measured as current assets divided by current liabilities (including current portion – LTD, unearned revenues and mandatory tender option liability.)

⁽²⁾Net Debt to equity ratio is measured as total debt (long-term debt, including current portion) less cash and cash equivalent and short-term investments divided by total equity attributable to equity holders of PLDT.

⁽³⁾Net Debt to EBITDA ratio is measured as total debt (long-term debt, including current portion) less cash and cash equivalent and short-term investments divided by EBITDA for the 12 months average period.

⁽⁴⁾Total Debt to EBITDA ratio is measured as total debt (long-term debt, including current portion) divided by EBITDA for the 12 months average period.

⁽⁵⁾Asset to equity ratio is measured as total assets divided by total equity attributable to equity holders of PLDT.

⁽⁶⁾Interest coverage ratio is measured by EBIT, or earnings before interest and taxes for the 12 months average period, divided by total financing cost for the 12 months average period.

⁽⁷⁾Profit margin is derived by dividing net income for the period with total revenues for the period.

⁽⁸⁾Return on assets is measured as net income for the 12 months average period divided by average total assets.

⁽⁹⁾Return on Equity is measured as net income for the 12 months average period divided by average total equity attributable to equity holders of PLDT.

⁽¹⁰⁾EBITDA margin is measured as EBITDA for the period divided by service revenues for the period.

EBITDA for the period is measured as net income excluding depreciation and amortization, amortization of intangible assets, asset impairment on noncurrent assets, financing cost, interest income, equity share in net earnings (losses) of associates and joint ventures, foreign exchange gains (losses) – net, gains (losses) on derivative financial instruments – net, provision for (benefit from) income tax and other income (expenses) – net for the period.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report for the fourth quarter of 2018 to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: PLDT Inc.

Signature and Title: /s/ Manuel V. Pangilinan
Manuel V. Pangilinan
Chairman of the Board
President and Chief Executive Officer

Signature and Title: /s/ Anabelle Lim-Chua
Anabelle Lim-Chua
Senior Vice President
(Principal Financial Officer)

Signature and Title: /s/ June Cheryl A. Cabal-Revilla
June Cheryl A. Cabal-Revilla
Senior Vice President
(Principal Accounting Officer)

Date: March 7, 2019

PLDT INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018 AND 2017

AND FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

PLDT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2018 and 2017

(in million pesos)

	2018 (Unaudited)	2017 (Audited)
ASSETS		
Noncurrent Assets		
Property and equipment (Notes 9 and 21)	195,964	186,907
Investments in associates and joint ventures (Note 10)	55,427	46,130
Available-for-sale financial investments (Notes 6 and 11)	—	15,165
Financial assets at fair value through profit or loss (Note 11)	4,763	—
Investment in debt securities and other long-term investments – net of current portion (Note 12)	—	150
Debt instruments at amortized cost (Note 12)	150	—
Investment properties (Notes 6 and 13)	777	1,635
Goodwill and intangible assets (Note 14)	68,583	69,583
Deferred income tax assets – net (Note 7)	27,697	30,466
Derivative financial assets – net of current portion (Note 27)	140	215
Prepayments – net of current portion (Note 18)	6,255	5,370
Advances and other noncurrent assets – net of current portion (Note 24)	17,083	14,154
Financial assets at fair value through other comprehensive income – net of current portion (Notes 6 and 24)	2,749	—
Other financial assets – net of current portion (Note 27)	2,275	—
Other non-financial assets – net of current portion	230	—
Total Noncurrent Assets	382,093	369,775
Current Assets		
Cash and cash equivalents (Note 15)	51,654	32,905
Short-term investments (Note 27)	1,165	1,074
Trade and other receivables (Note 16)	23,925	33,761
Inventories and supplies (Note 17)	2,878	3,933
Contract assets (Notes 5 and 27)	3,399	—
Current portion of derivative financial assets (Note 27)	183	171
Current portion of investment in debt securities and other long-term investments (Note 12)	—	100
Current portion of prepayments (Note 18)	7,760	9,633
Current portion of advances and other noncurrent assets (Note 19)	620	8,092

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Current portion of financial assets at fair value through other comprehensive income		
(Notes 6 and 24)	1,604	—
Current portion of other financial assets (Notes 19 and 27)	7,008	—
Current portion of other non-financial assets	461	—
Total Current Assets	100,657	89,669
TOTAL ASSETS	482,750	459,444
EQUITY AND LIABILITIES		
Equity		
Non-voting serial preferred stock (Notes 8 and 19)	360	360
Voting preferred stock (Note 19)	150	150
Common stock (Notes 8 and 19)	1,093	1,093
Treasury stock (Notes 8 and 19)	(6,505)	(6,505)
Treasury shares under employee benefit trust (Note 25)	(808)	(940)
Capital in excess of par value (Note 19)	130,526	130,374
Other equity reserves (Note 25)	651	827
Retained earnings (Note 19)	12,081	634
Other comprehensive loss (Note 6)	(25,190)	(19,151)
Total Equity Attributable to Equity Holders of PLDT (Note 27)	112,358	106,842
Noncontrolling interests (Note 6)	4,308	4,341
TOTAL EQUITY	116,666	111,183

See accompanying Notes to Consolidated Financial Statements.

PLDT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

As at December 31, 2018 and 2017

(in million pesos)

	2018 (Unaudited)	2017 (Audited)
Noncurrent Liabilities		
Interest-bearing financial liabilities – net of current portion (Notes 20, 24 and 27)	155,835	157,654
Deferred income tax liabilities – net (Note 7)	2,981	3,366
Derivative financial liabilities – net of current portion (Note 27)	—	8
Customers' deposits (Note 27)	2,194	2,443
Pension and other employee benefits (Note 25)	7,182	8,997
Deferred credits and other noncurrent liabilities (Note 21)	5,226	7,702
Total Noncurrent Liabilities	173,418	180,170
Current Liabilities		
Accounts payable (Note 22)	74,755	60,445
Accrued expenses and other current liabilities (Notes 23 and 26)	95,637	90,740
Current portion of interest-bearing financial liabilities (Notes 20, 24 and 27)	20,441	14,957
Dividends payable (Note 19)	1,533	1,575
Current portion of derivative financial liabilities (Note 27)	80	141
Income tax payable	220	233
Total Current Liabilities	192,666	168,091
TOTAL LIABILITIES	366,084	348,261
TOTAL EQUITY AND LIABILITIES	482,750	459,444

See accompanying Notes to Consolidated Financial Statements.

PLDT INC. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS

For the Years Ended December 31, 2018, 2017 and 2016

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

	2018 (Unaudited)	2017 (Audited)	2016
REVENUES			
Service revenues (Note 5)	154,207	151,165	157,210
Non-service revenues (Note 5)	10,545	8,761	8,052
	164,752	159,926	165,262
EXPENSES			
Selling, general and administrative expenses (Note 5)	73,916	68,990	67,196
Depreciation and amortization (Note 9)	47,240	51,915	34,455
Cost of sales and services (Note 5)	14,427	13,633	18,293
Interconnection costs	7,331	7,619	9,573
Asset impairment (Note 5)	8,065	8,258	11,042
	150,979	150,415	140,559
	13,773	9,511	24,703
OTHER INCOME (EXPENSES) (Note 5)	9,042	5,058	(2,632)
INCOME BEFORE INCOME TAX	22,815	14,569	22,071
PROVISION FOR INCOME TAX (Note 7)	3,842	1,103	1,909
NET INCOME	18,973	13,466	20,162
ATTRIBUTABLE TO:			
Equity holders of PLDT (Note 8)	18,916	13,371	20,006
Noncontrolling interests	57	95	156
	18,973	13,466	20,162
Earnings Per Share Attributable to Common Equity Holders			
of PLDT (Note 8)			
Basic	87.28	61.61	92.33
Diluted	87.28	61.61	92.33

See accompanying Notes to Consolidated Financial Statements.

For the year-ended December 31, 2018, the total of service and non-service revenues pertains to revenue from contracts with customers.

PLDT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2018, 2017 and 2016

(in million pesos)

	2018	2017	2016
	(Unaudited)	(Audited)	
NET INCOME	18,973	13,466	20,162
OTHER COMPREHENSIVE INCOME (LOSS) – NET OF TAX			

(Note 6)