



November 3, 2022

Securities & Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Attention: Mr. Vicente Graciano P. Felizmenio, Jr.
Director – Markets and Securities Regulation 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 a copy of SEC Form 17-Q with Management's Discussion and Analysis and accompanying unaudited consolidated financial statements for the nine (9) months ended September 30, 2022.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Abner Tito L. Alberto', written over a horizontal line.

Abner Tito L. Alberto
Assistant Corporate Secretary



November 3, 2022

Philippine Stock Exchange
6/F Philippine Stock Exchange Tower
28th Street corner 5th Avenue
Bonifacio Global City, Taguig City

Attention: Ms. Alexandra D. Tom Wong
OIC - Disclosure Department

Gentlemen:

In accordance with Section 17.1(b) of the Securities Regulation Code and SRC Rule 17.3, we submit herewith a copy of SEC Form 17-Q with Management's Discussion and Analysis and accompanying unaudited consolidated financial statements for the nine (9) months ended September 30, 2022.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Abner Tito L. Alberto', is written over a horizontal line.

Abner Tito L. Alberto
Assistant Corporate Secretary

SEC Number
File Number

PW-55

PLDT Inc.

(Company's Full Name)

**Ramon Cojuangco Building
Makati Avenue, Makati City**

(Company's Address)

(632) 82500254

(Telephone Number)

Not Applicable

(Fiscal Year Ending)
(month & day)

SEC Form 17-Q

Form Type

Not Applicable

Amendment Designation (if applicable)

September 30, 2022

Period Ended Date

Not Applicable

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE ("SRC") AND
SRC 17 (2) (b) THEREUNDER

1. For the quarterly period ended **September 30, 2022**
2. SEC Identification Number **PW-55**
3. BIR Tax Identification No. **000-488-793-000**
4. **PLDT Inc.**
Exact name of registrant as specified in its charter
5. **Republic of the Philippines**
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **Ramon Cojuangco Building, Makati Avenue, Makati City** **0721**
Address of registrant's principal office Postal Code
8. **(632) 8816-8056**
Registrant's telephone number, including area code
9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 of the SRC

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Capital Stock, Php5 par value	216,055,775 shares as at September 30, 2022
11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes [] No []
12. Check whether the registrant
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports):
Yes [] No []
 - (b) has been subject to such filing requirements for the past 90 days.
Yes [] No []

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PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Our consolidated financial statements as at September 30, 2022 (unaudited) and December 31, 2021 (audited) and for the nine months ended September 30, 2022 and 2021 (unaudited) and related notes (pages F-1 to F-171) are filed as part of this report on Form 17-Q.

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 (“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 (“GAAP”) in the U.S.

The financial information appearing in this report and in the accompanying unaudited consolidated financial statements are stated in Philippine Peso. Unless otherwise indicated, in this report and in the accompanying unaudited consolidated financial statements, the exchange rate used to convert the U.S. Dollar amounts into the Philippine Peso was Php58.65 to US\$1.00, the Philippine Peso-U.S. Dollar exchange rate as quoted through the Bankers Association of the Philippines, as at September 30, 2022.

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 words.

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

	Nine months ended September 30,		Increase (Decrease)	
	2022	2021	Amount	%
(in million Php, except for EBITDA margin and earnings per common share)				
Consolidated Income Statement				
Revenues	152,924	143,856	9,068	6
Expenses	136,964	113,006	23,958	21
Other income (expenses) – net	19,537	(6,419)	25,956	404
Income before income tax	35,497	24,431	11,066	45
Net income	27,632	19,069	8,563	45
Core income	23,560	23,025	535	2
Telco core income	25,375	23,095	2,280	10
EBITDA	69,284	70,816	(1,532)	(2)
EBITDA margin ⁽¹⁾	47%	51%	—	—
Reported earnings per common share:				
Basic	126.53	87.03	39.50	45
Diluted	126.53	87.03	39.50	45
Core earnings per common share ⁽²⁾ :				
Basic	108.84	106.36	2.48	2
Diluted	108.84	106.36	2.48	2

	September 30,	December 31,	Increase (Decrease)	
	2022	2021	Amount	%
(in million Php, except for net debt to equity ratio)				
Consolidated Statements of Financial Position				
Total assets	641,634	626,328	15,306	2
Property and equipment	298,008	302,736	(4,728)	(2)
Cash and cash equivalents and short-term investments	21,459	26,148	(4,689)	(18)
Total equity attributable to equity holders of PLDT	123,311	123,216	95	—
Long-term debt, including current portion	256,474	252,557	3,917	2
Net debt ⁽³⁾ to equity ratio	1.90x	1.83x	—	—

	Nine months ended September 30,		Change	
	2022	2021	Amount	%
(in million Php, except for operational data)				
Consolidated Statements of Cash Flows				
Net cash provided by operating activities	53,244	69,941	(16,697)	(24)
Net cash used in investing activities	(26,425)	(83,749)	57,324	68
Payment for purchase of property and equipment, including capitalized interest	(79,216)	(84,530)	5,314	6
Net cash used in financing activities	(31,827)	(8,573)	(23,254)	(271)
Operational Data				
Number of mobile subscribers	67,995,734	70,564,976	(2,569,242)	(4)
Prepaid	65,972,119	68,524,765	(2,552,646)	(4)
Postpaid	2,023,615	2,040,211	(16,596)	(1)
Number of broadband subscribers	4,065,105	3,777,410	287,695	8
Fixed Line broadband	3,241,970	2,768,978	472,992	17
Fixed Wireless broadband	823,135	1,008,432	(185,297)	(18)
Number of fixed line subscribers	3,835,305	3,441,847	393,458	11
Total number of subscribers	75,896,144	77,784,233	(1,888,089)	(2)
Number of employees:	17,399	18,906	(1,507)	(8)
Fixed Line	12,624	13,391	(767)	(6)
LEC	10,700	11,509	(809)	(7)
Others	1,924	1,882	42	2
Wireless	4,775	5,515	(740)	(13)

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

⁽²⁾ Core earnings per common share ("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, short-term investments and debt instruments at amortized cost from total debt (long-term debt, including current portion).

Exchange Rates – per US\$	Month end	Weighted
	rates	average rates
September 30, 2022	58.65	53.63
December 31, 2021	50.97	49.28
September 30, 2021	50.88	48.89
December 31, 2020	48.02	49.63



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 period 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 (expenses) – 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 because our management believes that it is widely used by investors in their analysis of our performance and can assist them in their comparison of our performance with those 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 alternative to net income as an indicator of our performance, nor should EBITDA be considered 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, or 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, and operating, investing and financing cash flows. 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 and Telco Core Income

Core income for the period 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. Core income results are monitored by management for each business unit separately for purposes of making decisions about resource allocation and performance assessment.

Meanwhile, telco core income for the period 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, adjusted for the effect of the share in Voyager Innovations Holdings, Pte. Ltd. (“VIH”) losses, asset sales, and accelerated depreciation. Telco core income is used by the management as a basis for determining the level of dividend payouts to shareholders and one of the bases for granting incentives to employees.



Core income and telco core income should not be considered as alternatives to income before income tax or net income determined in accordance with PFRS as an indicator of our performance. Unlike net income, core income and telco core income do not include certain items, among others, foreign exchange gains and losses, gains and losses on derivative financial instruments, impairments on non-current assets and non-recurring gains and losses. We compensate for these limitations by using core income and telco core income as few out of several comparative tools, together with PFRS-based measurements, to assist us in the evaluation of our 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 one of the leading telecommunications and digital services providers in the Philippines, in terms of both subscribers and revenues, serving the fixed line, wireless and broadband markets. Through our three principal business segments, Wireless, Fixed Line and Others, we offer a diverse range of telecommunications and digital services across our extensive fiber optic backbone and wireless and fixed line networks.

As at September 30, 2022, we serve 75.9 million customers through the provision of mobile, fixed line and data services. In addition to the business units discussed below, we have found it beneficial to view our business from a customer-served perspective. Accordingly, we also assign metrics along the following marketing verticals: Home, Individual, Enterprise and International.

Our three business units are as follows:

- *Wireless* — Our wireless business focuses on driving the growth of our data services while managing our legacy business of voice and short messaging services (“SMS”). We generate data revenues across all segments of our wireless business, whether through the access of mobile internet via smartphones, mobile broadband using pocket WiFi or home WiFi using fixed wireless broadband devices. We provide the following mobile telecommunications services through our wireless business: (i) mobile services, (ii) fixed wireless broadband services, and (iii) MVNO and other services.
- *Fixed Line* — We are the leading provider of fixed line telecommunications services throughout the Philippines, servicing retail, corporate and SME clients. Our fixed line business group offers data, voice and miscellaneous services. We also provide other fixed line services such as data center, cloud, cyber security services and managed information technology through PLDT’s subsidiary, ePLDT.
- *Others* — Our other business consists primarily of our interests in digital platforms and other technologies, including our interest in VIH.

Management’s Financial Review

In addition to consolidated net income, we use EBITDA, core income and telco core income to assess our operating performance. Set forth below is a reconciliation of our consolidated net income to our consolidated EBITDA, and a reconciliation of our consolidated net income to our consolidated core income and consolidated telco core income for the nine months ended September 30, 2022 and 2021.



The following table shows the reconciliation of our consolidated net income to our consolidated EBITDA for the nine months ended September 30, 2022 and 2021:

	2022	2021
	(in million Php)	
Consolidated net income	27,632	19,069
Add (deduct) adjustments:		
Depreciation and amortization	52,846	37,193
Financing costs – net	8,474	7,598
Provision for income tax	7,865	5,362
Foreign exchange losses – net	7,715	3,799
Equity share in net losses of associates and joint ventures	2,037	371
Other non-recurring expenses	318	—
Amortization of intangible assets	160	2,773
Interest income	(476)	(535)
Gains on derivative financial instruments – net	(4,238)	(1,119)
Other expenses (income) – net	(33,049)	(3,695)
Net loss (gain) on debt modification	295	(202)
Gain on dilution of shares	(572)	(826)
Income from prescription of preferred redemption liability	(7,839)	—
Gain on sale and leaseback of telecom towers – gross of expenses	(22,926)	—
Others	(2,007)	(2,667)
Total adjustments	41,652	51,747
Consolidated EBITDA	69,284	70,816

The following table shows the reconciliation of our consolidated net income to our consolidated core income and telco core income for the nine months ended September 30, 2022 and 2021:

	2022	2021
	(in million Php)	
Consolidated net income	27,632	19,069
Add (deduct) adjustments:		
Accelerated depreciation	17,016	832
Foreign exchange losses – net	7,715	3,799
Manpower rightsizing program, or MRP	4,976	265
Net loss (gain) on debt modification, net of amortization of debt discount/premium	427	(202)
Other non-recurring expenses	318	—
Impairment of investment	50	60
Sun Trademark amortization	—	2,628
Losses from changes in fair value of financial assets at FVPL	—	13
Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act impact for prior year deferred taxes	—	(355)
Net income attributable to noncontrolling interests	(250)	(222)
Core income adjustment on equity share in net income of associates and joint ventures	(439)	(71)
Gains on derivative financial instruments – net, excluding hedge costs	(4,426)	(1,305)
Income from prescription of preferred redemption liability	(7,839)	—
Gain on sale and leaseback of telecom towers – net of expenses	(22,331)	—
Net tax effect of aforementioned adjustments	711	(1,486)
Total adjustments	(4,072)	3,956
Consolidated core income	23,560	23,025
Add (deduct) adjustments:		
Share in VIH losses	2,403	1,334
Gain on asset sales, net of tax	(101)	(562)
VIH gain on dilution, net of tax	(487)	(702)
Total adjustments	1,815	70
Telco core income	25,375	23,095



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 (benefit from) income tax, net income (loss)/segment profit (loss), EBITDA, EBITDA margin, core income and telco core income for the nine months ended September 30, 2022 and 2021. For each of the nine months ended September 30, 2022 and 2021, 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.

	Wireless	Fixed Line	Others	Inter-segment Transactions	Consolidated
(in million Php, except for EBITDA margin)					
For the nine months ended September 30, 2022					
Revenues	77,971	105,908	—	(30,955)	152,924
Expenses	78,844	88,511	11	(30,402)	136,964
Other income (expenses) – net	16,844	20,975	(1,422)	(16,860)	19,537
Income (loss) before income tax	15,971	38,372	(1,433)	(17,413)	35,497
Provision for (benefit from) income tax	3,019	4,642	(78)	282	7,865
Net income (loss)/Segment profit (loss)	12,952	33,730	(1,355)	(17,695)	27,632
EBITDA	36,160	44,307	(11)	(11,172)	69,284
EBITDA margin ⁽¹⁾	50%	42%	—	—	47%
Core income (loss)	3,995	39,394	(1,887)	(17,942)	23,560
Telco core income (loss)	3,995	39,293	29	(17,942)	25,375
For the nine months ended September 30, 2021					
Revenues	79,821	84,779	—	(20,744)	143,856
Expenses	65,379	68,337	7	(20,717)	113,006
Other income (expenses) – net	(4,747)	5,079	460	(7,211)	(6,419)
Income (loss) before income tax	9,695	21,521	453	(7,238)	24,431
Provision for (benefit from) income tax	2,861	2,444	(151)	208	5,362
Net income (loss)/Segment profit (loss)	6,834	19,077	604	(7,446)	19,069
EBITDA	45,469	32,120	(7)	(6,766)	70,816
EBITDA margin ⁽¹⁾	61%	38%	—	—	51%
Core income (loss)	11,375	19,544	(459)	(7,435)	23,025
Telco core income (loss)	11,375	18,982	173	(7,435)	23,095
Increase (Decrease)					
Revenues	(1,850)	21,129	—	(10,211)	9,068
Expenses	13,465	20,174	4	(9,685)	23,958
Other income (expenses) – net	21,591	15,896	(1,882)	(9,649)	25,956
Income (loss) before income tax	6,276	16,851	(1,886)	(10,175)	11,066
Provision for (benefit from) income tax	158	2,198	73	74	2,503
Net income (loss)/Segment profit (loss)	6,118	14,653	(1,959)	(10,249)	8,563
EBITDA	(9,309)	12,187	(4)	(4,406)	(1,532)
Core income (loss)	(7,380)	19,850	(1,428)	(10,507)	535
Telco core income (loss)	(7,380)	20,311	(144)	(10,507)	2,280

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

On a Consolidated Basis

Revenues

We reported consolidated revenues of Php152,924 million for the nine months ended September 30, 2022, an increase of Php9,068 million, or 6%, as compared with Php143,856 million in the same period in 2021, primarily due to higher revenues from data and voice services from our Fixed Line business segment, partially offset by lower revenues from mobile and fixed wireless broadband services in our Wireless business segment.

Our consolidated service revenues of Php146,505 million for the nine months ended September 30, 2022, increased by Php8,045 million, or 6%, from Php138,460 million in the same period in 2021. Our consolidated non-service revenues of Php6,419 million for the nine months ended September 30, 2022, increased by Php1,023 million, or 19%, from Php5,396 million in the same period in 2021.

Consolidated service revenues, net of interconnection costs, amounted to Php141,948 million for the nine months ended September 30, 2022, an increase of Php6,054 million, or 4%, from Php135,894 million in the same period in 2021.



The following table shows the breakdown of our consolidated revenues by service for the nine months ended September 30, 2022 and 2021:

	Wireless	Fixed Line ⁽¹⁾	Inter-segment Transactions	Consolidated
(in million Php)				
For the nine months ended September 30, 2022				
Service Revenues				
Wireless	71,904		(611)	71,293
Mobile	70,243		(528)	69,715
Fixed Wireless broadband	1,578		—	1,578
MVNO and others	83		(83)	—
Fixed Line		105,556	(30,344)	75,212
Voice		30,833	(14,040)	16,793
Data		74,053	(16,089)	57,964
Home broadband		36,099	(24)	36,075
Corporate data and ICT		37,954	(16,065)	21,889
Miscellaneous		670	(215)	455
Total Service Revenues	71,904	105,556	(30,955)	146,505
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	6,067	271	—	6,338
Point-product sales	—	81	—	81
Total Non-Service Revenues	6,067	352	—	6,419
Total Revenues	77,971	105,908	(30,955)	152,924
For the nine months ended September 30, 2021				
Service Revenues				
Wireless	74,811		(903)	73,908
Mobile	72,443		(731)	71,712
Fixed Wireless broadband	2,192		—	2,192
MVNO and others	176		(172)	4
Fixed Line		84,392	(19,840)	64,552
Voice		26,804	(11,819)	14,985
Data		57,015	(7,774)	49,241
Home broadband		29,620	(37)	29,583
Corporate data and ICT		27,395	(7,737)	19,658
Miscellaneous		573	(247)	326
Total Service Revenues	74,811	84,392	(20,743)	138,460
Non-Service Revenues				
Sale of computers, phone units, mobile handsets and broadband data modems	5,010	334	—	5,344
Point-product sales	—	53	(1)	52
Total Non-Service Revenues	5,010	387	(1)	5,396
Total Revenues	79,821	84,779	(20,744)	143,856

⁽¹⁾ Certain amounts for the nine months ended September 30, 2021 were reclassified to conform with the current year presentation.

The following table shows the breakdown of our consolidated revenues by business segment for the nine months ended September 30, 2022 and 2021:

	2022	%	2021	%	Change	
					Amount	%
(in million Php, except %)						
Wireless	77,971	51	79,821	55	(1,850)	(2)
Fixed Line	105,908	69	84,779	59	21,129	25
Inter-segment transactions	(30,955)	(20)	(20,744)	(14)	(10,211)	(49)
Consolidated	152,924	100	143,856	100	9,068	6

Our consolidated revenues are further segmented by market, based on the type of customers served. “Home” refers to household subscribers, “Individual” covers mobile wireless individual customers, “Enterprise” encompasses business-based customers, corporate or micro, small and medium enterprises, and “International” refers to international carrier customers.



The following table shows our consolidated revenues by market segment for each of our business segments for the nine months ended September 30, 2022 and 2021:

	2022	%	2021 ⁽¹⁾	%	Change	
					Amount	%
	(in million Php, except %)					
Wireless	71,293	47	73,908	51	(2,615)	(4)
Individual	61,550	41	64,530	45	(2,980)	(5)
Enterprise	8,024	5	7,247	5	777	11
International	1,719	1	2,131	1	(412)	(19)
Fixed Line	75,212	49	64,552	45	10,660	17
Individual	108	—	557	—	(449)	(81)
Home	42,671	28	35,336	25	7,335	21
Enterprise	27,510	18	25,423	18	2,087	8
International	4,839	3	3,172	2	1,667	53
Others	84	—	64	—	20	31
Total Service Revenues	146,505	96	138,460	96	8,045	6
Wireless	6,067	4	5,010	4	1,057	21
Individual	5,090	3	4,001	3	1,089	27
Enterprise	957	1	998	1	(41)	(4)
International	20	—	11	—	9	82
Fixed Line	352	—	386	—	(34)	(9)
Individual	11	—	64	—	(53)	(83)
Home	123	—	192	—	(69)	(36)
Enterprise	218	—	130	—	88	68
Total Non-Service Revenues	6,419	4	5,396	4	1,023	19
Total Revenues	152,924	100	143,856	100	9,068	6

⁽¹⁾ Certain amounts for the nine months ended September 30, 2021 were reclassified to conform with the current year presentation.

Expenses

Consolidated expenses increased by Php23,958 million, or 21%, to Php136,964 million for the nine months ended September 30, 2022 from Php113,006 million in the same period in 2021, primarily due to higher depreciation and amortization, selling, general and administrative expenses, interconnection costs, and cost of sales and services in our Fixed Line and Wireless business segments.

The following table shows the breakdown of our consolidated expenses by business segment for the nine months ended September 30, 2022 and 2021:

	2022	%	2021	%	Change	
					Amount	%
	(in million Php, except %)					
Wireless	78,844	57	65,379	58	13,465	21
Fixed Line	88,511	65	68,337	60	20,174	30
Others	11	—	7	—	4	57
Inter-segment transactions	(30,402)	(22)	(20,717)	(18)	(9,685)	(47)
Consolidated	136,964	100	113,006	100	23,958	21

Other Income (Expenses) – Net

Consolidated other income – net amounted to Php19,537 million for the nine months ended September 30, 2022, a change of Php25,956 million as against consolidated other expenses – net of Php6,419 million in the same period in 2021, primarily due to the combined effects of the following: (i) higher other income – net from our Wireless and Fixed Line business segments, owing mostly to the gain on sale and leaseback of telecom towers and the income from prescription of preferred shares redemption liability, respectively; (ii) higher gains on derivative financial instruments from our Fixed Line and Wireless business segments; (iii) higher equity share in net losses from our Other business segment; and (iv) higher foreign exchange losses from our Fixed Line and Wireless business segments.



The following table shows the breakdown of our consolidated other income (expenses) – net by business segment for the nine months ended September 30, 2022 and 2021:

	2022	2021	Change	
			Amount	%
	(in million Php, except %)			
Wireless	16,844	(4,747)	21,591	455
Fixed Line	20,975	5,079	15,896	313
Others	(1,422)	460	(1,882)	(409)
Inter-segment transactions	(16,860)	(7,211)	(9,649)	(134)
Consolidated	19,537	(6,419)	25,956	404

Net Income (Loss)

Consolidated net income increased by Php8,563 million, or 45%, to Php27,632 million for the nine months ended September 30, 2022 from Php19,069 million in the same period in 2021, primarily due to higher net income from our Fixed Line and Wireless business segments, partially offset by net loss from our Other business segment. Our consolidated basic and diluted EPS increased to Php126.53 for the nine months ended September 30, 2022 from Php87.03 in the same period in 2021. Our weighted average number of outstanding common shares was approximately 216.06 million for each of the nine months ended September 30, 2022 and 2021.

The following table shows the breakdown of our consolidated net income (loss) by business segment for the nine months ended September 30, 2022 and 2021:

	2022	%	2021	%	Change	
					Amount	%
	(in million Php, except %)					
Wireless	12,952	47	6,834	36	6,118	90
Fixed Line	33,730	122	19,077	100	14,653	77
Others	(1,355)	(5)	604	3	(1,959)	(324)
Inter-segment transactions	(17,695)	(64)	(7,446)	(39)	(10,249)	(138)
Consolidated	27,632	100	19,069	100	8,563	45

EBITDA

Our consolidated EBITDA amounted to Php69,284 million for the nine months ended September 30, 2022, a decrease of Php1,532 million, or 2%, as compared with Php70,816 million in the same period in 2021, primarily due to lower EBITDA from our Wireless business segment, partially offset by higher EBITDA from our Fixed Line business segment.

The following table shows the breakdown of our consolidated EBITDA by business segment for the nine months ended September 30, 2022 and 2021:

	2022	%	2021	%	Change	
					Amount	%
	(in million Php, except %)					
Wireless	36,160	52	45,469	64	(9,309)	(20)
Fixed Line	44,307	64	32,120	45	12,187	38
Others	(11)	—	(7)	—	(4)	(57)
Inter-segment transactions	(11,172)	(16)	(6,766)	(9)	(4,406)	(65)
Consolidated	69,284	100	70,816	100	(1,532)	(2)

Our consolidated EBITDA, excluding MRP and expenses related to the sale of our telecom assets, amounted to Php75,400 million for the nine months ended September 30, 2022, an increase of Php4,319 million, or 6%, as compared with Php71,081 million in the same period in 2021. Adjusted for the impact of Typhoon Odette, our consolidated EBITDA excluding MRP and expenses related to the sale of our telecom assets would have been Php76,485 million, an increase of Php5,404 million, or 8% from the same period in 2021.



Core Income

Our consolidated core income amounted to Php23,560 million for the nine months ended September 30, 2022, an increase of Php535 million, or 2%, as compared with Php23,025 million in the same period in 2021, mainly on account of higher EBITDA excluding MRP, and lower depreciation and amortization, partially offset by higher equity share in net losses of associates and joint ventures, and higher financing costs. Our consolidated basic and diluted core EPS increased to Php108.84 for the nine months ended September 30, 2022 from Php106.36 in the same period in 2021.

The following table shows the breakdown of our consolidated core income by business segment for the nine months ended September 30, 2022 and 2021:

	2022	%	2021	%	Change	
					Amount	%
	(in million Php, except %)					
Wireless	3,995	17	11,375	49	(7,380)	(65)
Fixed Line	39,394	167	19,544	85	19,850	102
Others	(1,887)	(8)	(459)	(2)	(1,428)	(311)
Inter-segment transactions	(17,942)	(76)	(7,435)	(32)	(10,507)	(141)
Consolidated	23,560	100	23,025	100	535	2

Telco Core Income

Our consolidated telco core income amounted to Php25,375 million for the nine months ended September 30, 2022, an increase of Php2,280 million, or 10%, as compared with Php23,095 million in the same period in 2021, mainly due to higher EBITDA excluding MRP, and lower depreciation and amortization, partially offset by higher provision for income tax and financing costs. Adjusted for the impact of Typhoon Odette, our consolidated telco core income would have been Php26,322 million, an increase of Php3,227 million, or 14% from the same period in 2021.

The following table shows the breakdown of our consolidated telco core income by business segment for the nine months ended September 30, 2022 and 2021:

	2022	%	2021	%	Change	
					Amount	%
	(in million Php, except %)					
Wireless	3,995	16	11,375	49	(7,380)	(65)
Fixed Line	39,293	155	18,982	82	20,311	107
Others	29	—	173	1	(144)	(83)
Inter-segment transactions	(17,942)	(71)	(7,435)	(32)	(10,507)	(141)
Consolidated	25,375	100	23,095	100	2,280	10

On a Business Segment Basis

Wireless

Revenues

We generated revenues of Php77,971 million from our Wireless business segment for the nine months ended September 30, 2022, a decrease of Php1,850 million, or 2%, from Php79,821 million in the same period in 2021.

The following table summarizes our total revenues by service from our Wireless business segment for the nine months ended September 30, 2022 and 2021:

	2022	%	2021	%	Increase (Decrease)	
					Amount	%
	(in million Php, except %)					
Service Revenues:						
Mobile	70,243	90	72,443	91	(2,200)	(3)
Fixed Wireless broadband	1,578	2	2,192	3	(614)	(28)
MVNO and others ⁽¹⁾	83	—	176	—	(93)	(53)
Total Wireless Service Revenues	71,904	92	74,811	94	(2,907)	(4)
Non-Service Revenues:						
Sale of mobile handsets and broadband data modems	6,067	8	5,010	6	1,057	21
Total Wireless Revenues	77,971	100	79,821	100	(1,850)	(2)

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



Service Revenues

Our wireless service revenues decreased by Php2,907 million, or 4%, to Php71,904 million for the nine months ended September 30, 2022 as compared with Php74,811 million in the same period in 2021, primarily due to lower revenues from mobile, fixed wireless broadband, and MVNO and other services. As a percentage of our total wireless revenues, service revenues accounted for 92% and 94% for the nine months ended September 30, 2022 and 2021, respectively.

Wireless service revenues, net of interconnection costs, amounted to Php71,256 million for the nine months ended September 30, 2022, a decrease of Php3,054 million, or 4%, from Php74,310 million in the same period in 2021.

Mobile Services

Our mobile service revenues amounted to Php70,243 million for the nine months ended September 30, 2022, a decrease of Php2,200 million, or 3%, from Php72,443 million in the same period in 2021. Mobile service revenues accounted for 98% and 97% of our wireless service revenues for the nine months ended September 30, 2022 and 2021, respectively.

The following table shows the breakdown of our mobile service revenues for the nine months ended September 30, 2022 and 2021:

	2022	%	2021	%	Increase (Decrease)	
					Amount	%
	(in million Php, except %)					
Mobile Services:						
Data	53,943	77	52,840	73	1,103	2
Voice	10,936	16	13,587	19	(2,651)	(20)
SMS	4,431	6	4,872	7	(441)	(9)
Inbound roaming and others ⁽¹⁾	933	1	1,144	1	(211)	(18)
Total	70,243	100	72,443	100	(2,200)	(3)

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

Data Services

Mobile revenues from our data services, which include mobile internet, mobile broadband and other data services, increased by Php1,103 million, or 2%, to Php53,943 million for the nine months ended September 30, 2022 from Php52,840 million in the same period in 2021 due to higher mobile internet revenues driven mainly by the launch of new mobile data offers which cater to the needs of prepaid subscribers looking for data flexibility as consumers shift from working and studying from home to a more hybrid work and school environment, as well as higher mobile broadband revenues, partially offset by lower VAS-related data revenues.

Data services accounted for 77% and 73% of our mobile service revenues for the nine months ended September 30, 2022 and 2021, respectively.

The following table shows the breakdown of our mobile data service revenues for the nine months ended September 30, 2022 and 2021:

	2022	%	2021	%	Increase (Decrease)	
					Amount	%
	(in million Php, except %)					
Data Services:						
Mobile internet ⁽¹⁾	50,591	94	49,818	94	773	2
Mobile broadband	2,592	5	2,033	4	559	27
Other data	760	1	989	2	(229)	(23)
Total	53,943	100	52,840	100	1,103	2

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



Mobile Internet

Mobile internet service revenues increased by Php773 million, or 2%, to Php50,591 million for the nine months ended September 30, 2022 from Php49,818 million in the same period in 2021, primarily due to the increase in mobility and new product offerings, such as Free Tiktok for All, Power All, Affordaloads, and the continued promotion of Smart Postpaid's Unli 5G plans.

Smart continues to drive GigaLife App, which now supports more payment solutions for top-up, through exclusive offerings such as Unli 5G, via Gigapoints. Smart also has GigaPlay App, which provides its subscribers exclusive video access to Kpop content, international music festivals, live sports streaming such as PBA, PVL and NBA TV Philippines channel, as well as pay-per-view ("PPV") digital movie. In addition, Smart recently launched the *Giga Arena*, an online arcade and e-Sport tournament platform exclusively available to Smart subscribers to cater to subscribers' gaming demands.

Mobile internet services accounted for 72% and 69% of our mobile service revenues for the nine months ended September 30, 2022 and 2021, respectively.

Mobile Broadband

Mobile broadband revenues amounted to Php2,592 million for the nine months ended September 30, 2022, an increase of Php559 million, or 27%, from Php2,033 million in the same period in 2021, primarily due to higher mobile broadband subscriber base.

In August 2021, Smart launched the Smart Bro Rocket SIM aimed at the heavy wireless broadband users. Smart Bro Rocket SIM provides unlimited data valid for 30 days at an introductory price of Php499. Smart increased the price of its Smart Bro UnliData from Php499 to Php599, which generated higher revenues for our mobile broadband service. Mobile broadband services accounted for 4% and 3% of our mobile service revenues for the nine months ended September 30, 2022 and 2021, respectively.

Other Data

Revenues from our other data services, which include value-added services ("VAS") and domestic leased lines, decreased by Php229 million, or 23%, to Php760 million for the nine months ended September 30, 2022 from Php989 million in the same period in 2021. The decrease was primarily due to lower revenues from VAS via direct carrier billing, driven by the game publishers' shift to digital payment solutions.

Voice Services

Mobile revenues from our voice services, which include all voice traffic, decreased by Php2,651 million, or 20%, to Php10,936 million for the nine months ended September 30, 2022 from Php13,587 million in the same period in 2021, due to subscribers' shift to alternative calling options, digital teleconferencing solutions, and other OTT services. In view of these new digital solutions and to improve its voice service, Smart has been provisioning its mobile users for Voice over LTE ("VoLTE") and Voice over Wifi ("VoWiFi") services which routes the voice calls through digital channels. VoLTE and VoWifi offer better voice quality. Mobile voice services accounted for 16% and 19% of our mobile service revenues for the nine months ended September 30, 2022 and 2021, respectively.

Domestic voice service revenues decreased by Php2,114 million, or 18%, to Php9,896 million for the nine months ended September 30, 2022 from Php12,010 million in the same period in 2021, mainly due to lower traffic from domestic outbound voice services.

International voice service revenues decreased by Php537 million, or 34%, to Php1,040 million for the nine months ended September 30, 2022 from Php1,577 million in the same period in 2021 resulting from the declining trend of international inbound voice traffic due to subscribers' shift to application-based form of communications and other OTT services.



SMS Services

Mobile revenues from our SMS services, which include all SMS-related services, decreased by Php441 million, or 9%, to Php4,431 million for the nine months ended September 30, 2022 from Php4,872 million in the same period in 2021, mainly due to the decline in SMS volumes arising from the increased adoption of alternative messaging solutions such as OTT services, social media, and messenger application, partially offset by the increase in Application-to-Person (“A2P”) service revenues. Mobile SMS services accounted for 6% and 7% of our mobile service revenues for the nine months ended September 30, 2022 and 2021, respectively.

Inbound Roaming and Others

Mobile revenues from inbound roaming and other services decreased by Php211 million, or 18%, to Php933 million for the nine months ended September 30, 2022 from Php1,144 million in the same period in 2021 mainly due to lower facility service fees related to fixed wireless business and lower revenues from other subscriber-related income, partially offset by higher revenues from inbound roaming services.

The following table shows the breakdown of our mobile service revenues by service type for the nine months ended September 30, 2022 and 2021:

	2022	%	2021	%	Increase (Decrease)	
					Amount	%
Mobile service revenues	70,243	100	72,443	100	(2,200)	(3)
<i>By service type</i>						
Prepaid	55,884	80	57,468	79	(1,584)	(3)
Postpaid	13,426	19	13,831	19	(405)	(3)
Inbound roaming and others	933	1	1,144	2	(211)	(18)

Prepaid Mobile Revenues

Revenues generated from our mobile prepaid services amounted to Php55,884 million for the nine months ended September 30, 2022, a decrease of Php1,584 million, or 3%, as compared with Php57,468 million in the same period in 2021. Mobile prepaid service revenues accounted for 80% and 79% of mobile service revenues for the nine months ended September 30, 2022 and 2021, respectively. The decrease in revenues from our mobile prepaid services was attributed to higher multiple-SIM ownership, lower top-up frequency due to the economizing behavior of subscribers on account of higher inflation, and the increased penetration of home WiFi solutions.

Postpaid Mobile Revenues

Revenues generated from our mobile postpaid services amounted to Php13,426 million for the nine months ended September 30, 2022, a decrease of Php405 million, or 3%, as compared with Php13,831 million in the same period in 2021 primarily due to a decline in the postpaid subscriber base. Mobile postpaid service revenues accounted for 19% of mobile service revenues for each of the nine months ended September 30, 2022 and 2021.

In April 2022, we implemented the rebranding of Individual Sun Postpaid into Smart Postpaid. Sun subscribers retained their existing Sun numbers, SIM and plan inclusions while enjoying the services and perks of a Smart subscriber such as Smart 5G, access to GigaLife App, Smart notifications and billing, and other Smart add-ons and features. The subscribers may also avail of the Signature plan which provides the subscribers with a better experience, access to the fastest mobile network, better plan packages and latest devices.



Subscriber Base, ARPU and Churn Rates

The following table shows our mobile subscriber base as at September 30, 2022 and 2021:

	2022	2021	Increase (Decrease)	
			Amount	%
Mobile subscriber base				
Smart ⁽¹⁾	27,065,334	27,411,153	(345,819)	(1)
Prepaid	25,103,659	25,966,496	(862,837)	(3)
Postpaid	1,961,675	1,444,657	517,018	36
TNT	40,868,460	42,558,269	(1,689,809)	(4)
Sun Postpaid ^(1,2)	61,940	595,554	(533,614)	(90)
Total mobile subscribers	67,995,734	70,564,976	(2,569,242)	(4)

⁽¹⁾ Includes mobile broadband subscribers.

⁽²⁾ Beginning April 2022, Individual Sun Postpaid was rebranded as Smart Postpaid.

Our current policy is to recognize a prepaid subscriber as active only when the subscriber activates and uses the SIM card. 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.

The average monthly churn rates for Smart Prepaid subscribers were 4.6% and 5.1% for the nine months ended September 30, 2022 and 2021, respectively, while the average monthly churn rates for TNT subscribers were 4.5% and 4.1% for the nine months ended September 30, 2022 and 2021, respectively.

The average monthly churn rates for Smart Postpaid subscribers were 1.5% and 1.8% for the nine months ended September 30, 2022 and 2021, respectively. The average monthly churn rates for Sun Postpaid subscribers were 3.3% and 2.0% for the nine months ended September 30, 2022 and 2021, respectively.

The following table summarizes our average monthly ARPUs for the nine months ended September 30, 2022 and 2021:

	Gross ⁽¹⁾		Increase (Decrease)		Net ⁽²⁾		Increase (Decrease)	
	2022	2021	Amount	%	2022	2021	Amount	%
	(in Php, except %)							
Prepaid								
Smart	121	123	(2)	(2)	103	104	(1)	(1)
TNT	97	98	(1)	(1)	84	84	—	—
Postpaid								
Smart	775	857	(82)	(10)	736	822	(86)	(10)
Sun	567	425	142	33	567	413	154	37

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

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

Fixed Wireless Broadband

Revenues from our Fixed Wireless Broadband services amounted to Php1,578 million for the nine months ended September 30, 2022, a decrease of Php614 million, or 28%, from Php2,192 million in the same period in 2021 primarily due to shift in customer demand from wireless broadband to home fiber.

In December 2021, Smart launched the first prepaid 5G Home Router. Smart Bro Home WiFi 5G is a plug-and-play device that can connect up to 10 Wifi-enabled devices with a fiber-like speed of Smart 5G.

In February 2022, Smart launched *UnliFam 999* which provides unlimited data for family sharing and home WiFi users valid for 30 days.

MVNO and Others

Revenues from our MVNO and other services amounted to Php83 million for the nine months ended September 30, 2022, a decrease of Php93 million, or 53%, from Php176 million in the same period in 2021.



Non-Service Revenues

Our wireless non-service revenues consist of sale of mobile handsets, broadband data routers, tablets and accessories. Our wireless non-service revenues increased by Php1,057 million, or 21%, to Php6,067 million for the nine months ended September 30, 2022 from Php5,010 million in the same period in 2021, primarily due to a higher number of units issued for mobile handsets.

Expenses

Expenses associated with our Wireless business segment amounted to Php78,844 million for the nine months ended September 30, 2022, an increase of Php13,465 million, or 21%, from Php65,379 million in the same period in 2021. The increase was attributable to higher expenses related to depreciation and amortization, selling, general and administrative, cost of sales and services, interconnection costs, and asset impairment, partially offset by lower provisions. As a percentage of our total wireless revenues, expenses associated with our Wireless business segment accounted for 101% and 82% for the nine months ended September 30, 2022 and 2021, respectively.

The following table summarizes the breakdown of our total wireless-related expenses for the nine months ended September 30, 2022 and 2021 and the percentage of each expense item in relation to the total:

	2022	%	2021	%	Increase (Decrease)	
					Amount	%
	(in million Php, except %)					
Depreciation and amortization	36,722	46	28,254	43	8,468	30
Selling, general and administrative expenses	32,007	41	28,261	43	3,746	13
Cost of sales and services	8,442	11	7,182	11	1,260	18
Provisions	779	1	1,008	2	(229)	(23)
Interconnection costs	648	1	501	1	147	29
Asset impairment	246	—	173	—	73	42
Total	78,844	100	65,379	100	13,465	21

Depreciation and amortization charges increased by Php8,468 million, or 30%, to Php36,722 million, mainly on account of higher depreciation due to shortened life of 3G technology-related equipment resulting from the migration to faster speed LTE and 5G technologies, combined with higher depreciation of right-of-use asset on account of higher depreciable right-of-use asset, brought about by the telecom tower sale and leaseback agreements we entered in June 2022.

Selling, general and administrative expenses increased by Php3,746 million, or 13%, to Php32,007 million, primarily due to higher expenses related to rent, repairs and maintenance, professional and contracted services, compensation and employee benefits, taxes and licenses, and communication, training and travel, partly offset by lower expenses related to amortization of intangibles, mainly on account of Sun trademark amortization in 2021, as well as lower selling and promotions expenses.

Cost of sales and services increased by Php1,260 million, or 18%, to Php8,442 million, primarily due to a higher number of units issued for mobile handsets, and higher cost of content and services.

Provisions decreased by Php229 million, or 23%, to Php779 million, primarily due to lower provision for expected credit losses.

Interconnection costs increased by Php147 million, or 29%, to Php648 million, primarily due to higher interconnection costs on A2P transactions and international voice services.

Asset impairment, increased by Php73 million, or 42%, to Php246 million primarily due to impairment charges on certain network equipment damaged by Typhoon Odette, partly offset by lower contract asset impairment.



Other Income (Expenses) – Net

The following table summarizes the breakdown of our total wireless-related other income (expenses) – net for the nine months ended September 30, 2022 and 2021:

	2022	2021	Change	
			Amount	%
			(in million Php, except %)	
Other Income (Expenses) – Net:				
Gains on derivative financial instruments – net	1,672	465	1,207	260
Interest income	336	285	51	18
Foreign exchange losses – net	(2,918)	(1,523)	(1,395)	(92)
Financing costs – net	(7,016)	(5,291)	(1,725)	(33)
Other income – net	24,770	1,317	23,453	1,781
Total	16,844	(4,747)	21,591	455

Our Wireless business segment’s other income – net amounted to Php16,844 million for the nine months ended September 30, 2022, a change of Php21,591 million from other expenses – net of Php4,747 million in the same period in 2021, primarily due to the combined effects of the following: (i) higher other income – net by Php23,453 million mainly due to the Php22,926 million gain on sale and leaseback of 4,176 telecom towers, representing the first three closings of tower sale and leaseback agreements, and the Php545 million gain on derecognition of asset retirement obligation related to the telecom towers sale; (ii) higher net gains on derivative financial instruments by Php1,207 million primarily due to the higher depreciation of the Philippine peso relative to the U.S. dollar in 2022 as compared with the same period in 2021; (iii) higher interest income by Php51 million; (iv) higher net foreign exchange losses by Php1,395 million mainly on account of revaluation of net foreign currency-denominated liabilities due to the higher depreciation of the Philippine peso relative to the U.S. dollar in 2022 as compared with the same period in 2021; and (v) higher net financing costs by Php1,725 million mainly due to higher accretion on lease liabilities.

Provision for Income Tax

Provision for income tax amounted to Php3,019 million for the nine months ended September 30, 2022, an increase of Php158 million, or 6%, from Php2,861 million in the same period in 2021, mainly due to higher taxable income, partially offset by the net unfavorable impact of CREATE adjustments for prior year deferred tax assets booked in the first quarter of 2021.

Net Income

As a result of the foregoing, our Wireless business segment’s net income increased by Php6,118 million, or 90%, to Php12,952 million for the nine months ended September 30, 2022 from Php6,834 million in the same period in 2021.

EBITDA

Our Wireless business segment’s EBITDA decreased by Php9,309 million, or 20%, to Php36,160 million for the nine months ended September 30, 2022 from Php45,469 million in the same period in 2021. EBITDA margin decreased to 50% for the nine months ended September 30, 2022 from 61% in the same period in 2021.

Core Income

Our Wireless business segment’s core income decreased by Php7,380 million, or 65%, to Php3,995 million for the nine months ended September 30, 2022 from Php11,375 million in the same period in 2021, mainly on account of lower EBITDA excluding MRP, higher financing costs and depreciation and amortization, partially offset by higher other miscellaneous income.



Fixed Line

Revenues

Revenues generated from our Fixed Line business segment amounted to Php105,908 million for the nine months ended September 30, 2022, an increase of Php21,129 million, or 25%, from Php84,779 million in the same period in 2021.

The following table summarizes our total revenues by service from our Fixed Line business segment for the nine months ended September 30, 2022 and 2021:

	2022	%	2021	%	Increase (Decrease)	
					Amount	%
	(in million Php, except %)					
Service Revenues:						
Data	74,053	70	57,015	67	17,038	30
Voice	30,833	29	26,804	32	4,029	15
Miscellaneous	670	1	573	1	97	17
	105,556	100	84,392	100	21,164	25
Non-Service Revenues:						
Sale of computers, phone units and point-product sales	352	—	387	—	(35)	(9)
Total Fixed Line Revenues	105,908	100	84,779	100	21,129	25

Service Revenues

Our fixed line service revenues increased by Php21,164 million, or 25%, to Php105,556 million for the nine months ended September 30, 2022 from Php84,392 million in the same period in 2021, primarily due to higher revenues from our data and voice services.

Fixed Line service revenues, net of interconnection costs, amounted to Php87,585 million for the nine months ended September 30, 2022, an increase of Php17,087 million, or 24%, from Php70,498 million in the same period in 2021.

Data Services

Our data services, which include Home broadband, corporate data, and ICT portfolio with data center, cloud, cyber security, and managed IT offerings, posted revenues of Php74,053 million for the nine months ended September 30, 2022, an increase of Php17,038 million, or 30%, from Php57,015 million in the same period in 2021, primarily due to higher revenues from home broadband, corporate data and leased lines, home broadband and ICT services. The percentage contribution of this service segment to our fixed line service revenues accounted for 70% and 67% for the nine months ended September 30, 2022 and 2021, respectively.

The following table shows information of our data service revenues for the nine months ended September 30, 2022 and 2021:

	2022	2021	Increase	
			Amount	%
	(in million Php, except %)			
Data service revenues	74,053	57,015	17,038	30
Corporate data and ICT	37,954	27,395	10,559	39
Home broadband	36,099	29,620	6,479	22

Corporate Data and ICT

Corporate data services amounted to Php31,824 million for the nine months ended September 30, 2022, an increase of Php9,411 million, or 42%, as compared with Php22,413 million in the same period in 2021, mainly due to the sustained demand for broadband internet and data networking services. Corporate data revenues accounted for 43% and 39% of our total data service revenues for the nine months ended September 30, 2022 and 2021, respectively.

ICT revenues increased by Php1,148 million, or 23%, to Php6,130 million for the nine months ended September 30, 2022 from Php4,982 million in the same period in 2021, mainly due to higher revenues from data



center, cloud and managed IT services, partially offset by lower revenues from cyber security services. The percentage contribution of this service segment to our total data service revenues accounted for 8% and 9% for the nine months ended September 30, 2022 and 2021, respectively.

Home Broadband

Home broadband data revenues amounted to Php36,099 million for the nine months ended September 30, 2022, an increase of Php6,479 million, or 22%, from Php29,620 million in the same period in 2021. This growth is driven by increasing demand for broadband services, including fixed wired (PLDT Home Fibr), which the company is providing through the nationwide roll-out of its fiber-to-the-home ("FTTH") network and its existing copper network, which is progressively being upgraded to fiber. Home broadband revenues accounted for 49% and 52% of fixed line data service revenues for the nine months ended September 30, 2022 and 2021, respectively. PLDT's FTTH nationwide network roll-out has reached over 16.8 million homes passed as of September 30, 2022, while the number of ports, excluding very high speed digital subscriber line ("VVDSL"), has grown to about 5.9 million.

Voice Services

Revenues from our voice services increased by Php4,029 million, or 15%, to Php30,833 million for the nine months ended September 30, 2022 from Php26,804 million in the same period in 2021, primarily due to higher revenues from international services of PLDT Global. The percentage contribution of voice service revenues to our fixed line service revenues accounted for 29% and 32% for the nine months ended September 30, 2022 and 2021, respectively.

Miscellaneous Services

Miscellaneous service revenues are derived mostly from rentals and management fees. These service revenues increased by Php97 million, or 17%, to Php670 million for the nine months ended September 30, 2022 from Php573 million in the same period in 2021. The percentage contribution of miscellaneous service revenues to our total fixed line service revenues accounted for 1% for each of the nine months ended September 30, 2022 and 2021.

Non-service Revenues

Non-service revenues decreased by Php35 million, or 9%, to Php352 million for the nine months ended September 30, 2022 from Php387 million in the same period in 2021, primarily due to lower sale of Prepaid Home WiFi ("PHW") broadband routers and WiFi mesh, partially offset by higher sale of managed ICT equipment and point-product-sales.

Expenses

Expenses related to our Fixed Line business segment totaled Php88,511 million for the nine months ended September 30, 2022, an increase of Php20,174 million, or 30%, as compared with Php68,337 million in the same period in 2021. The increase was primarily due to higher depreciation and amortization, selling, general and administrative expenses, interconnection costs, cost of sales and services, and asset impairment, partially offset by lower provisions. As a percentage of our total fixed line revenues, expenses associated with our Fixed Line business segment accounted for 84% and 81% for the nine months ended September 30, 2022 and 2021, respectively.

The following table shows the breakdown of our total fixed line-related expenses for the nine months ended September 30, 2022 and 2021 and the percentage of each expense item in relation to the total:

	2022	%	2021	%	Increase (Decrease)	
					Amount	%
	(in million Php, except %)					
Selling, general and administrative expenses	38,068	43	33,108	48	4,960	15
Depreciation and amortization	26,743	30	15,678	23	11,065	71
Interconnection costs	17,971	21	13,894	20	4,077	29
Cost of sales and services	2,889	3	2,460	4	429	17
Provisions	2,747	3	3,186	5	(439)	(14)
Asset impairment	93	—	11	—	82	745
Total	88,511	100	68,337	100	20,174	30



Selling, general and administrative expenses increased by Php4,960 million, or 15%, to Php38,068 million primarily due to higher expenses related to compensation and employee benefits on account of higher MRP, repairs and maintenance, communication, training and travel, and selling and promotions, partly offset by lower expenses related to professional and other contracted services, taxes and licenses, and rent.

Depreciation and amortization charges increased by Php11,065 million, or 71%, to Php26,743 million mainly on account of additional depreciation due to shortened life of copper-based technology, resulting from the migration to FTTH, as well as the additional depreciation recognized for the moveout and modernization of network equipment brought about by the redevelopment of our main offices.

Interconnection costs increased by Php4,077 million, or 29%, to Php17,971 million, primarily due to higher international interconnection costs of PLDT Global.

Cost of sales and services increased by Php429 million, or 17%, to Php2,889 million, primarily due to higher cost of services, partially offset by lower cost of WiFi mesh and routers.

Provisions decreased by Php439 million, or 14%, to Php2,747 million, primarily due to lower provisions for inventory obsolescence and expected credit losses.

Asset impairment increased by Php82 million to Php93 million primarily due to impairment charges on certain network equipment damaged by Typhoon Odette.

Other Income (Expenses) – Net

The following table summarizes the breakdown of our total fixed line-related other income (expenses) – net for the nine months ended September 30, 2022 and 2021:

	2022	2021	Change	
			Amount	%
			(in million Php, except %)	
Other Income (Expenses) – Net:				
Gains on derivative financial instruments – net	2,566	654	1,912	292
Interest income	130	229	(99)	(43)
Equity share in net earnings of associates	48	52	(4)	(8)
Financing costs – net	(4,480)	(4,391)	(89)	(2)
Foreign exchange losses – net	(4,969)	(2,358)	(2,611)	(111)
Other income – net	27,680	10,893	16,787	154
Total	20,975	5,079	15,896	313

Our Fixed Line business segment's other income amounted to Php20,975 million for the nine months ended September 30, 2022, an increase of Php15,896 million from Php5,079 million in the same period in 2021, primarily due to the combined effects of the following: (i) higher other income – net by Php16,787 million mainly due to higher dividend income from Smart and Digitel Mobile Philippines, Inc. ("DMPI") and PLDT's income from prescription of preferred redemption liability in 2022, partially offset by the gain on sale of PHW subscribers in 2021; (ii) higher net gains on derivative financial instruments by Php1,912 million mainly due to the higher depreciation of the Philippine peso relative to the U.S. dollar in 2022 as compared with the same period in 2021; (iii) higher net financing costs by Php89 million; (iv) lower interest income by Php99 million; and (v) higher net foreign exchange losses by Php2,611 million mainly on account of revaluation of net foreign currency-denominated liabilities due to the higher depreciation of the Philippine peso relative to the U.S. dollar in 2022 as compared with the same period in 2021.

Provision for Income Tax

Provision for income tax amounted to Php4,642 million for the nine months ended September 30, 2022, an increase of Php2,198 million, or 90%, from Php2,444 million in the same period in 2021, mainly due to higher taxable income and the net favorable impact of 2020 income tax retroactive adjustment, per Revenue Regulations No. 5-2021, recognized in the first quarter of 2021.



Net Income

As a result of the foregoing, our Fixed Line business segment registered a net income of Php33,730 million for the nine months ended September 30, 2022, an increase of Php14,653 million, or 77%, as compared with Php19,077 million in the same period in 2021.

EBITDA

Our Fixed Line business segment's EBITDA increased by Php12,187 million, or 38%, to Php44,307 million for the nine months ended September 30, 2022 from Php32,120 million in the same period in 2021. EBITDA margin increased to 42% for the nine months ended September 30, 2022 from 38% in the same period in 2021.

Core Income

Our Fixed Line business segment's core income increased by Php19,850 million, or 102%, to Php39,394 million for the nine months ended September 30, 2022 from Php19,544 million in the same period in 2021, primarily due to higher EBITDA excluding MRP, and other miscellaneous income, partially offset by higher depreciation and amortization, and provision for income tax.

Others

Revenues

Revenues generated from our Other business segment amounted to nil for each of the nine months ended September 30, 2022 and 2021.

Expenses

Expenses related to our Other business segment increased by Php4 million, or 57%, to Php11 million for the nine months ended September 30, 2022 from Php7 million in the same period in 2021.

Other Income (Expenses) – Net

The following table summarizes the breakdown of other income (expenses) – net for Other business segment for the nine months ended September 30, 2022 and 2021:

	2022	2021	Change	
			Amount	%
			(in million Php, except %)	
Other Income (Expenses) – Net:				
Equity share in net losses of associates and joint ventures	(2,085)	(423)	(1,662)	(393)
Interest income	10	21	(11)	(52)
Foreign exchange gains – net	76	47	29	62
Other income – net	577	815	(238)	(29)
Total	(1,422)	460	(1,882)	(409)

Our Other business segment's other expenses – net amounted to Php1,422 million for the nine months ended September 30, 2022, a change of Php1,882 million from other income – net of Php460 million in the same period in 2021, primarily due to the combined effects of the following: (i) higher equity share in net losses of associates and joint ventures by Php1,662 million mainly due to higher equity share in net losses in VIH; (ii) lower other income – net by Php238 million mainly due to lower VIH gain on dilution; (iii) lower interest income by Php11 million; and (iv) higher net foreign exchange gains by Php29 million.

Net Income (Loss)

As a result of the foregoing, our Other business segment registered a net loss of Php1,355 million for the nine months ended September 30, 2022, a change of Php1,959 million from a net income of Php604 million in the same period in 2021.



Core Loss

Our Other business segment's core loss amounted to Php1,887 million for the nine months ended September 30, 2022, an increase of Php1,428 million from Php459 million in the same period in 2021.

Liquidity and Capital Resources

The following table shows our consolidated cash flows for the nine months ended September 30, 2022 and 2021, as well as our consolidated capitalization and other consolidated selected financial data as at September 30, 2022 and December 31, 2021:

	Nine months ended September 30,	
	2022	2021
	(in million Php)	
Cash Flows		
Net cash flows provided by operating activities	53,244	69,941
Net cash flows used in investing activities	(26,425)	(83,749)
<i>Payment for purchase of property and equipment, including capitalized interest</i>	(79,216)	(84,530)
Net cash flows used in financing activities	(31,827)	(8,573)
Net increase (decrease) in cash and cash equivalents	(4,171)	(22,149)
	September 30,	December 31,
	2022	2021
	(in million Php)	
Capitalization		
Long-term portion of interest-bearing financial liabilities – net of current portion:		
Long-term debt	236,882	241,075
Current portion of interest-bearing financial liabilities:		
Long-term debt maturing within one year	19,592	11,482
Total interest-bearing financial liabilities	256,474	252,557
Total equity attributable to equity holders of PLDT	123,311	123,216
	379,785	375,773
Other Selected Financial Data		
Total assets	641,634	626,328
Property and equipment	298,008	302,736
Cash and cash equivalents	19,736	23,907
Short-term investments	1,723	2,241

Our consolidated cash and cash equivalents and short-term investments totaled Php21,459 million as at September 30, 2022. Principal sources of consolidated cash and cash equivalents for the nine months ended September 30, 2022 were proceeds from disposal of property of equipment of Php54,513 million, mainly proceeds from the sale and leaseback of telecom towers, cash flows from operating activities amounting to Php53,244 million, proceeds from availment of short-term and long-term debts of Php10,000 million and Php5,000 million, respectively, proceeds from the release of preferred redemption fund of Php7,839 million and proceeds from maturity of short-term investments of Php7,454 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php79,216 million; (2) cash dividend payment of Php25,231 million; (3) long-term debt principal and interest payments of Php15,544 million and Php6,590 million, respectively; (4) payment for purchase of short-term investments of Php6,466 million; (5) settlement of obligations under lease liabilities of Php5,927 million; (6) payment for acquisition of investments in associates and joint ventures of Php3,303 million, mainly PLDT Communications and Energy Ventures, Inc.'s ("PCEV") additional investment in VIH's preferred shares; and (7) payment of short-term debt of Php2,000 million.

Our consolidated cash and cash equivalents and short-term investments totaled Php18,831 million as at September 30, 2021. Principal sources of consolidated cash and cash equivalents in 2021 were cash flows from operating activities amounting to Php69,941 million, proceeds from availment of long-term debt of Php37,000 million, proceeds from maturity of short-term investments of Php1,941 million, proceeds from disposal of property and equipment of Php1,149 million, and interest received of Php605 million. These funds were used principally for: (1) purchase of property and equipment, including capitalized interest, of Php84,530 million; (2) long-term debt principal and interest payments of Php15,798 million and Php6,637 million, respectively; (3) cash dividend payment of Php17,717 million; (4) settlement of obligations under lease liabilities of Php4,971 million; (5) payment for acquisition of investments in associates and joint ventures of Php1,727 million, mainly PCEV's additional investment in VIH's preferred shares; and (6) payment for purchase of short-term investments of Php1,615 million.



Operating Activities

Our consolidated net cash flows provided by operating activities decreased by Php16,697 million, or 24%, to Php53,244 million for the nine months ended September 30, 2022 from Php69,941 million in the same period in 2021 primarily due to higher level of settlement of accounts payable, and accrued expenses and other current liabilities, lower operating income, and higher pension and other employee benefits, partially offset by lower prepayments.

Cash flows provided by operating activities of our Wireless business segment decreased by Php25,658 million, or 55%, to Php20,851 million for the nine months ended September 30, 2022 from Php46,509 million in the same period in 2021, primarily due to higher level of settlement of accounts payable, and accrued expenses and other current liabilities, lower operating income and higher income taxes paid, partially offset by lower prepayments. Cash flows provided by operating activities of our Fixed Line business segment increased by Php2,664 million, or 7%, to Php42,076 million for the nine months ended September 30, 2022 from Php39,412 million in the same period in 2021, primarily due to higher operating income, lower prepayments, and lower level of settlement of accrued expenses and other current liabilities, partially offset by lower level of collection of accounts receivables and higher level of settlement of accounts payable. Cash flows provided by operating activities of our Other business segment amounted to Php2,340 million for the nine months ended September 30, 2022 as against cash flows used in operating activities of Php68 million in the same period in 2021, primarily due to lower level of settlement of accounts payable.

Investing Activities

Consolidated net cash flows used in investing activities amounted to Php26,425 million for the nine months ended September 30, 2022, a decrease of Php57,324 million, or 68%, from Php83,749 million in the same period in 2021, primarily due to the combined effects of the following: (1) higher proceeds from disposal of property and equipment by Php53,364 million, mainly proceeds from the sale and leaseback of telecom towers in 2022; (2) lower payment for purchase of property and equipment, including capitalized interest, by Php5,314 million; (3) higher net proceeds from maturity of short-term investments by Php662 million; and (4) higher payment for acquisition of investments in associates and joint ventures by Php1,576 million, mainly PCEV's additional investment in VIH's preferred shares.

Our consolidated payment for purchase of property and equipment, including capitalized interest, for the nine months ended September 30, 2022 totaled Php79,216 million, a decrease of Php5,314 million, or 6%, as compared with Php84,530 million in the same period in 2021. Smart's payment for purchase of property and equipment, including capitalized interest, decreased by Php3,447 million, or 9%, to Php36,629 million for the nine months ended September 30, 2022 from Php40,076 million in the same period in 2021. Smart's capex spending was primarily focused on LTE (4G) coverage and capacity expansion, and rollout of new sites and 5G base stations in key business areas and dense communities nationwide. PLDT's payment for purchase of property and equipment, including capitalized interest, decreased by Php2,737 million, or 6%, to Php40,264 million for the nine months ended September 30, 2022 from Php43,001 million in the same period in 2021. PLDT's capex spending was used to finance fixed line install, rollout, expansion and modernization of fiber optic transport network and backbone resiliency, and expansion of our international submarine cable network. 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 increased by Php23,254 million to Php31,827 million for the nine months ended September 30, 2022 from Php8,573 million in the same period in 2021, primarily due to the combined effects of the following: (1) lower proceeds from availment of long-term debt by Php32,000 million; (2) higher cash dividends paid by Php7,514 million; (3) higher settlement of obligations under lease liabilities by Php956 million; (4) proceeds from the release of preferred redemption fund of Php7,839 million in 2022; and (5) net proceeds from availment of short term debt of Php8,000 million in 2022.



Debt Financing

Proceeds from availment of short-term and long-term debts for the nine months ended September 30, 2022 amounted to Php10,000 million and Php5,000 million, respectively, mainly from PLDT's and Smart's drawings related to refinancing of maturing loan obligations and financing of capital expenditure requirements. Payments of principal, including prepayments of Php14,475 million, amounted to Php17,544 million while payments of interest on our total debt amounted to Php6,576 million for the nine months ended September 30, 2022.

Our consolidated long-term and short-term debts increased by Php3,917 million, or 2%, to Php256,474 million as at September 30, 2022 from Php252,557 million as at December 31, 2021 primarily due to drawings from our long-term and short-term facilities, and the revaluation of foreign currency-denominated debt, partially offset by debt amortizations and prepayments. As at September 30, 2022, PLDT's long-term and short-term debt level increased by Php906 million, or 1%, to Php157,913 million from Php157,007 million as at December 31, 2021, while Smart's long-term and short-term debt level increased by Php3,011 million, or 3%, to Php98,561 million from Php95,550 million as at December 31, 2021.

See *Note 21 – 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 September 30, 2022 and 2021, we are in compliance with all of our debt covenants.

See *Note 21 – 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 flows 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 from external sources if we consider it prudent to do so.



The following table shows the dividends declared to shareholders for the nine months ended September 30, 2022 and 2021:

Class	Date			Amount	
	Approved ⁽¹⁾	Record	Payable	Per Share	Total
(in million Php, except per share amount)					
2022					
Common					
Regular Dividend	March 3, 2022	March 17, 2022	April 4, 2022	42	9,075
	August 4, 2022	August 18, 2022	September 5, 2022	47	10,155
Special Dividend	August 4, 2022	August 18, 2022	September 5, 2022	28	6,050
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock ⁽¹⁾					
	January 25, 2022	February 21, 2022	March 15, 2022	—	12
	May 5, 2022	May 20, 2022	June 15, 2022	—	13
	August 4, 2022	August 19, 2022	September 15, 2022	—	12
Voting Preferred Stock					
	March 3, 2022	March 23, 2022	April 15, 2022	—	2
	June 14, 2022	June 30, 2022	July 15, 2022	—	2
	August 24, 2022	September 15, 2022	October 15, 2022	—	3
Charged to Retained Earnings					25,324
2021					
Common					
Regular Dividend	March 4, 2021	March 18, 2021	April 6, 2021	40	8,642
	August 5, 2021	August 19, 2021	September 3, 2021	42	9,075
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock ⁽¹⁾					
	January 26, 2021	February 22, 2021	March 15, 2021	—	12
	May 6, 2021	May 21, 2021	June 15, 2021	—	13
	August 5, 2021	August 20, 2021	September 15, 2021	—	12
Voting Preferred Stock					
	March 4, 2021	March 24, 2021	April 15, 2021	—	3
	June 8, 2021	June 24, 2021	July 15, 2021	—	2
	August 26, 2021	September 13, 2021	October 15, 2021	—	2
Charged to Retained Earnings					17,761

⁽¹⁾ Dividends were declared based on total amount paid up.

Our dividends declared after September 30, 2022 are as follows:

Class	Date			Amount	
	Approved	Record	Payable	Per Share	Total
(in million Php, except per share amount)					
Preferred					
Series IV Cumulative Non-convertible Redeemable Preferred Stock ⁽¹⁾					
	November 3, 2022	November 18, 2022	December 15, 2022	—	12
Charged to Retained Earnings					12

⁽¹⁾ Dividends were declared based on total amount paid up.

See Note 20 – Equity to the accompanying unaudited consolidated financial statements for further details.

Changes in Financial Conditions

Our total assets amounted to Php641,634 million as at September 30, 2022, an increase of Php15,306 million, or 2%, from Php626,328 million as at December 31, 2021 primarily due to higher prepayments, right-of-use assets, and trade and other receivables, partially offset by lower property and equipment, cash and cash equivalents, and other financial assets.

Our total liabilities amounted to Php514,002 million as at September 30, 2022, an increase of Php15,139 million, or 3%, from Php498,863 million as at December 31, 2021 primarily due to higher lease liabilities, accounts payable, and interest-bearing financial liabilities, partially offset by lower accrued expenses and other current liabilities, and pension and other employee benefits.



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 San Miguel Corporation'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, 60% of our core earnings for 2016 to 2018, and 60% of our telco core income for 2019 to 2021. 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 amounted to Php25,231 million for the nine months ended September 30, 2022 as compared with Php17,717 million paid to shareholders in the same period in 2021.

Contractual Obligations and Commercial Commitments

Contractual Obligations

For a detailed discussion of our consolidated contractual undiscounted obligations as at September 30, 2022 and December 31, 2021, see *Note 28 – Financial Assets and Liabilities* to the accompanying unaudited consolidated financial statements.

Commercial Commitments

We have no outstanding commercial commitments, in the form of letters of credit, as at September 30, 2022 and December 31, 2021.



Quantitative and Qualitative Disclosures about Market Risks

The main risks arising from our financial instruments are liquidity risk, foreign currency exchange risk, interest rate risk and credit risk. The importance of managing those risks has significantly increased in light of the considerable change and volatility in both the Philippine and international financial markets. Our Board of Directors reviews and approves policies for managing each of these risks. We also monitor the market price risk arising from all financial instruments.

For further discussions of these risks, see *Note 28 – Financial Assets and Liabilities* to the accompanying unaudited consolidated financial statements.

The following table sets forth the estimated consolidated fair values of our financial assets and liabilities recognized as at September 30, 2022 and December 31, 2021 other than those whose carrying amounts are reasonable approximations of fair values:

	Fair Values	
	September 30,	December 31,
	2022	2021
	(in million Php)	
Noncurrent Financial Assets		
Debt instruments at amortized cost	574	403
Other financial assets – net of current portion	3,145	2,664
Total noncurrent financial assets	3,719	3,067
Noncurrent Financial Liabilities		
Interest-bearing financial liabilities	222,269	242,545
Customers' deposits	1,414	1,619
Deferred credits and other noncurrent liabilities	178	404
Total noncurrent financial liabilities	223,861	244,568

The following table sets forth the amount of gains (losses) recognized for the financial assets and liabilities for the nine months ended September 30, 2022 and the six months ended June 30, 2022:

	September 30,	June 30,
	2022	2022
	(in million Php)	
Profit and Loss		
Interest income	476	269
Gains on derivative financial instruments – net	4,238	2,184
Accretion on financial liabilities	(264)	(176)
Interest on loans and other related items	(8,137)	(5,386)
Other Comprehensive Income		
Net fair value losses on cash flow hedges – net of tax	(2,340)	(1,255)

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 nine months ended September 30, 2022 and 2021 were 5.1% and 4.5%, respectively. We expect inflation to be on the upper band or even breach the 4.5% to 5.5% target range brought about by the Russia-Ukraine conflict and other supply constraints.



PART II – OTHER INFORMATION

Notice of Material Breach and Demand for Payment on DITO Telecommunity Corporation (“DITO”)

In February 2021, PLDT and Dito entered into an agreement for the construction of a transmission facility that served as the point of interconnection for their subscribers. Under the agreement, PLDT established and managed the interconnection facility that operated as the primary physical interface for both companies. The planned facility was completed in March 2021.

On October 6, 2022, PLDT served a Notice of Material Breach and Demand for Payment on Dito as a result of its refusal to pay the amount of Php430 million for contracted services which PLDT has fully performed and delivered relating to the building and provisioning of transmission facilities that DITO required and is using for the delivery of telecommunication services to subscribers.

Sale and Leaseback of Telecom Towers

On April 19, 2022, Smart and Digitel Mobile Philippines, Inc. signed Sale and Purchase Agreements (“SPAs”) with a subsidiary of edotco Group and a subsidiary of EdgePoint (the “TowerCos”) in connection with the sale of 5,907 telecom towers and related passive telecommunications infrastructure for Php77 billion. Out of the total towers, 2,973 towers located primarily in Luzon, Visayas and Mindanao will be acquired by ISOC edotco Towers, Inc. (a subsidiary of edotco Group) and 2,934 towers located in Luzon by Comworks Infratech Corp. (a subsidiary of EdgePoint).

Concurrent with the execution of the SPAs, Smart has also entered into Master Service Agreements (“MSA”) with the TowerCos where Smart has agreed to leaseback the towers sold in the transaction for a period of 10 years. In addition to space, the TowerCos will also be responsible for providing operations and maintenance services as well as power to the sites. The sale and leaseback will be complemented by a new tower build commitment of 1,500 towers in total over the next few years. The closing of the agreements will be on a staggered basis depending on satisfaction of closing conditions, according to the number of towers transferred.

Of the Php77 billion total proceeds from the sale, it is expected that Php27.5 billion will be used to prepay debt, Php24.5 billion to fund major cash requirements for operations and capital expenditures resulting in debt avoidance, and up to Php9 billion to be declared as special dividends.

On June 1, 2022, we completed the sale of 3,012 telecom towers and received the corresponding cash consideration of Php39,228 million (excluding taxes). On August 1, 2022, we completed the sale of additional 1,013 telecom towers and received the corresponding cash consideration of Php13,190 million, and on September 1, 2022, we completed the sale of additional 151 telecom towers and received the corresponding cash consideration of Php1,801 million.

On the same day that the telecom towers were sold, the MSAs covering the leaseback arrangements for those towers became effective. As of September 30, 2022, we have completed the sale of 4,176 telecom towers, representing 71% of the towers portfolio subject to the sale. As a result, we received total proceeds of Php54,219 million, and recognized gain on sale and leaseback amounting to Php22,331 million (or Php17,073 million after tax) and treated this as non-core income.

On October 3, 2022, we completed additional sale of 259 telecom towers for a consideration of Php3,529 million, increasing our total completed sale and leaseback transaction to 75% of the towers portfolio subject to the sale.

Out of the proceeds of the closings, PLDT thus far declared a total of Php6,050 million special dividends (or Php28 per common share) on August 4, 2022.

Through this landmark deal, we pioneered tower sharing in the Philippines and in support of the Philippine Department of Information and Communications Technology’s goal of improving tower density. In addition, this arrangement will further solidify Smart’s superior network quality, enhance customer experience and give rise to significant operating and cost efficiencies.



Acquisition of Additional Interest in Multisys

On July 29, 2022, PLDT Global Investments Holding, Inc. (“PGIH”) acquired additional 227 common shares of Multisys from the existing holder, representing a 4.99% of interest, for a total consideration of Php248 million, of which Php100 million was paid on the same day. As of and following this acquisition, PGIH owns 2,307 common shares representing 50.72% equity interest in Multisys, which is considered a controlling interest in accordance with the Restated Shareholders’ Agreement that the parties signed on the same date. We expect to consolidate the results of operations and financial position of Multisys with the PLDT Group by the end of this year after we have completed the determination of the purchase price allocation.

Investment in Class C Convertible Preferred Shares of VIH

On April 7, 2022, PLDT Group, through PCEV, participated in the new round of fundraise for VIH amounting to US\$62 million. Leading the round was the new investor SIG Venture Capital. Also participating in the round were the other existing shareholders KKR, Tencent and International Finance Corporation (IFC), and IFC Emerging Asia Fund and IFC Financial Institution Growth Fund, as well as new investors including Singapore-based global investor EDBI and investment holding company First Pacific Company Ltd. Thereafter, PCEV’s ownership in Voyager was diluted from 38.45% to 36.82%.

VIH raised US\$210 million in new funds propelling VIH’s valuation to nearly US\$1.4 billion. VIH used the fresh funds to support the launch and acceleration of digital banking services powered by Maya Bank and other new services such as crypto, to be seamlessly integrated and offered across Maya’s consumer and enterprise platforms.

Smart Broadband, Inc. (“SBI”) Secures 25-year Franchise Extension

On April 8, 2022, the Philippine President Rodrigo Roa Duterte approved Republic Act No. 11678, an act renewing for another 25 years the franchise granted to Meridian Telekoms, Inc., presently known as SBI. This will allow SBI to continue constructing, installing, establishing, maintaining, leasing and operating wire and/or wireless telecommunication systems throughout the Philippines. SBI’s original franchise under Republic Act No. 8337 was set to expire on November 11, 2022.

Prescription of Redemption for Series A to FF Preferred Shares

On September 23, 2011, the Board of Directors approved the redemption of all outstanding shares of PLDT’s Series A to FF 10% Cumulative Convertible Preferred Stock, or the Series A to FF Shares, from holders of record as of October 10, 2011, and all such shares were redeemed and retired effective on January 19, 2012. In accordance with the terms and conditions of the Series A to FF Shares, the holders of Series A to FF Shares as at January 19, 2012 are entitled to payment of the redemption price in an amount equal to the par value of such shares, plus accrued and unpaid dividends thereon up to January 19, 2012, or the Redemption Price of Series A to FF Shares.

PLDT set aside Php4,029 million (the amount required to fund the redemption price for the Series A to FF Shares) in addition to Php4,143 million for unclaimed dividends on Series A to FF Shares, or a total amount of Php8,172 million, to fund the redemption of the Series A to FF Shares, or the Redemption Trust Fund, in a trust account, or the Trust Account, in the name of RCBC, as Trustee. The Trustee would continue to hold the Redemption Trust Fund or any balance thereof, in trust, for the benefit of holders of Series A to FF Shares, for a period of ten years from January 19, 2012 until January 19, 2022. After the said date, any and all remaining balance in the Trust Account should be returned to PLDT and revert to its general funds, and PLDT’s corresponding obligations to pay the trust amounts would prescribe.

On January 20, 2022, the Trustee returned to PLDT the remaining unclaimed balance of the Trust Account for the Series A to FF, amounting to Php7,839 million. As PLDT’s obligations to pay the trust amounts has also



prescribed, the amount of unclaimed Trust Account that RCBC returned to PLDT is recognized as income in 2022. We reported this transaction as part of non-telco core income in our 2022 first quarter financial results.

Impact of Super Typhoon Odette

On December 16, 2021, parts of the Visayas and Mindanao were hit by Super Typhoon Rai (known as “Odette” in the Philippines), rendering many of the affected areas inaccessible and causing extensive electricity and communication outages. We deployed teams to the Visayas and Mindanao to restore communication services in the affected areas. To date, we have restored most of the network services.

The cumulative impact of the typhoon was determined at Php2.3 billion (Php1.7 billion after tax), before insurance claims, as at June 30, 2022, from the combined effect of rebates and lost revenues due to service unavailability, free load provided to our subscribers, repairs and replacement of damaged facilities, as well as loss of properties. We have also worked with the LGUs of the affected areas and provided donations to the communities. Our employees also participated in the relief efforts through their own donations. We have filed insurance claims and secured a settlement of Php242 million, for which an initial payment of Php150 million was received in June 2022 and the balance of Php92 million is outstanding as of the date of this report.

Amendments to the By-Laws of PLDT

On March 25, 2021, the Board of Directors approved the amendments to the By-Laws of PLDT to conform with the provisions of R.A. 11232, known as the Revised Corporation Code of the Philippines. On September 9, 2022, the Amended By-Laws of PLDT was approved by the Philippine SEC.

Measures We Have Taken in Light of the COVID-19 Pandemic

In light of the ongoing COVID-19 pandemic, we continue to assess PLDT’s risks, and implement measures to protect our employees, customers and trade partners.

People

Limited access to our corporate premises which was instituted in 2020 remain in effect. We have allowed a hybrid of work from home and work on site arrangements. To ensure minimal disruption to our operations, we have taken steps to ensure that employees working from home are properly equipped with the appropriate digital equipment, including internet connection. For the employees that continue to work on-site, we have taken steps to try and minimize their risk of exposure to the COVID-19 virus.

Among others, the following measures remain to be in place to protect our employees:

- a vaccination program, which also covers booster doses, for our employees and their dependents and household members who are enrolled in the program;
- a COVID-19 Self-Check Chatbot is required to be completed by employees on a daily basis to allow us to monitor if an employee is experiencing symptoms or has been exposed to a COVID-19 patient or someone suspected to be infected;
- COVID-19 testing services are offered to symptomatic employees at accredited hospitals/clinics;
- instructions and guidelines issued to our trade partners on how to best deal with the COVID-19 pandemic;
- physical distancing measures implemented within our premises, installation of HEPA filtering devices and air purifiers within our facilities to improve air quality, regular disinfection in the work areas and buildings, and MERV-13 with ultraviolet light disinfection systems for centralized airconditioning per floor;
- personal protective equipment and alcohol are regularly supplied to employees reporting to sites/offices;



- PLDT medical services provides maintenance medicines through our 23 nationwide in-house clinics nationwide, and in partnership with several pharmacies. Internal channels for 24/7 COVID-19-related assistance are also available for our workforce;
- a one-stop shop “COVID Warrior Portal” which houses advisories, internal guidelines, tips and FAQs for employees; and
- a hybrid work arrangement for employees with a split team set-up per group was established to prevent health risks and utilize the workspace with standard distance protocols. This allows employees to experience the flexibility to work remotely along with the benefits of collaborating as a team onsite.

Network and IT

Since the beginning of the COVID-19 outbreak in the Philippines, we have been closely monitoring our network traffic for usage spikes and possible congestion. As at the date of this report, we have sufficient capacity to serve the increased needs of all our subscribers. We have added international and domestic internet capacity, upgraded our local content delivery network, and refarmed our 2G frequencies to LTE. We have taken steps to enhance physical security for premises in which our critical network and IT systems are kept. We have also reinforced our cyber security to protect the network from intrusion and malicious attacks. We have also moved essential spare parts and supplies from our remote warehouses to Metro Manila to help us undertake maintenance and repairs more efficiently.

Customer Service

We provided zero-rated access to certain Government agencies and emergency hotlines, equipped our corporate customers with telecommuting solutions. Members of our service teams have also been trained in the proper health protocols for before, during, and after site visits, including maintaining proper social distances with customers at all times.

Precautionary measures at our stores such as provision for foot bath, regular sanitization and disinfection, temperature check, wearing of face masks and face shields, installation of commercial-grade air filters, and other observance of social distancing remain to be in effect. PLDT Home rolled out Call to Apply service, a virtual and convenient way to apply for a PLDT Home service, transact and talk to any PLDT Sales and Service Centers representatives. PLDT Home also rolled out QR codes that directed customers to an online service application platform. Moreover, we also made available to our customers the virtual booking appointment.

Impact of COVID-19 Outbreak on our Operations

While work-from-home arrangements for businesses and their employees boosted demand for corporate fixed broadband and fixed wireless data services, corporate revenue growth in this period was constrained by the slump in commercial activities resulting from the imposition of various community quarantines. During the imposition of community quarantines, network traffic grew significantly, with traffic shifting from the commercial business districts to residential areas. To further ensure that we could handle the increased volume of data traffic, Smart reallocated its assigned 1,800 MHz frequencies from 2G to 4G/LTE.

The various community quarantines highlighted a distinct advantage of PLDT’s fully integrated fixed and wireless network architecture which allowed the seamless and efficient delivery of quality services to fixed and wireless customers. In general, we were not significantly impacted by COVID-19 and have benefited from an increase in demand for our broadband and mobile data services. We cannot predict whether this increase in business activity will continue during and after the pandemic, especially with the emergence of new variants of the COVID-19. Furthermore, the government shifted its system in imposing restrictions from the community quarantine classifications to the alert level system.

Amidst this uncertainty, new opportunities for future growth have arisen. Life under the community quarantine has pushed the rapid adoption of online and digital services as people forced to stay at home have turned to web-based collaboration tools, distance learning, online shopping and payment and e-health services, among others. We believe our superior network and digital infrastructure has driven more data usage to both our mobile and fixed networks. As demand for broadband services surged during the pandemic, PLDT Home ramped up its installation



and repair levels and rolled out fixed wireless in areas with no fixed line or fiber connections. Telecommunications is one of the businesses given exemption by the Inter-Agency Task Force (“IATF”) on COVID-19, allowing our installation and repair teams mobility despite the quarantine lockdowns. Smart has capitalized on e-payments and further leveraged its online distribution channels and our Enterprise vertical is driving opportunities in e-health, e-learning, telemedicine and other collaboration solutions while seeing renewed demand for data center services. PLDT Enterprise has partnered with the national and local government units (“LGUs”) in the vaccination program by providing connectivity in vaccination centers.

For updates on matters relating to the (1) Department of Labor and Employment (“DOLE”) Compliance Order to PLDT, and other pending cases, see *Note 27 – Provisions and Contingencies*; and (2) Petition against the Philippine Competition Commission, see *Note 11 – Investment in Associates and Joint Ventures*, to the accompanying unaudited consolidated financial statements.

Related Party Transactions

For a detailed discussion of the related party transactions, see *Note 25 – 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 September 30, 2022:

Type of Accounts Receivable	Total	Current	31-60 Days	61-90 Days	Over 91 Days
			(in million Php)		
Retail subscribers	16,962	10,527	854	136	5,445
Corporate subscribers	14,320	5,028	1,848	1,105	6,339
Foreign administrations	1,077	449	135	39	454
Domestic carriers	166	80	28	17	41
Dealers, agents and others	5,297	2,930	215	50	2,102
Total	37,822	19,014	3,080	1,347	14,381
Less: Allowance for expected credit losses	12,561				
Total Receivables - net	25,261				



ANNEX II – FINANCIAL SOUNDNESS INDICATORS

The following table shows our financial soundness indicators as at September 30, 2022 and December 31, 2021:

	2022	2021
Current Ratio ⁽¹⁾	0.30:1.0	0.33:1.0
Acid Test Ratio ⁽²⁾	0.19:1.0	0.21:1.0
Solvency Ratio ⁽³⁾	0.42:1.0	0.34:1.0
Net Debt to Equity Ratio ⁽⁴⁾	1.90:1.0	1.83:1.0
Net Debt to EBITDA Ratio ⁽⁵⁾	2.48:1.0	2.35:1.0
Total Debt to EBITDA Ratio ⁽⁶⁾	2.72:1.0	2.63:1.0
Asset to Equity Ratio ⁽⁷⁾	5.20:1.0	5.08:1.0
Interest Coverage Ratio ⁽⁸⁾	4.83:1.0	4.16:1.0
Profit Margin ⁽⁹⁾	17%	14%
Return on Assets ⁽¹⁰⁾	5%	4%
Return on Equity ⁽¹¹⁾	28%	22%
EBITDA Margin ⁽¹²⁾	49%	52%

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

⁽²⁾ Acid test ratio is measured as total of cash and cash equivalents, short-term investments and trade and other receivables divided by total current liabilities.

⁽³⁾ Solvency ratio is measured as adding back non-cash expenses to the net income after tax divided by total debt (long-term debt, including current portion.)

⁽⁴⁾ Net Debt to equity ratio is measured as total debt (long-term debt, including current portion) less cash and cash equivalents, short-term investments and debt instruments at amortized cost divided by total equity attributable to equity holders of PLDT.

⁽⁵⁾ Net Debt to EBITDA ratio is measured as total debt (long-term debt, including current portion) less cash and cash equivalents, short-term investments and debt instruments at amortized cost divided by EBITDA for the last 12-month period.

⁽⁶⁾ Total Debt to EBITDA ratio is measured as total debt (long-term debt, including current portion) divided by EBITDA for the last 12-month period.

⁽⁷⁾ Asset to equity ratio is measured as total assets divided by total equity attributable to equity holders of PLDT.

⁽⁸⁾ Interest coverage ratio is measured by EBIT, or earnings before interest and taxes for the period, divided by total financing cost for the last 12-month period.

⁽⁹⁾ Profit margin is derived by dividing net income for the period with total revenues for the last 12-month period.

⁽¹⁰⁾ Return on assets is measured as net income for the last 12-month period divided by average total assets.

⁽¹¹⁾ Return on Equity is measured as net income for the last 12-month period divided by average total equity attributable to equity holders of PLDT.

⁽¹²⁾ EBITDA margin for the period is measured as EBITDA divided by service revenues for the last 12-month period.

EBITDA for the period is measured as net income for the period 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.



SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report for the third quarter of 2022 to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: **PLDT Inc.**

Signature and Title: _____

A handwritten signature in black ink, appearing to read "Alfredo S. Panlilio", written over a horizontal line.

ALFREDO S. PANLILIO
President and Chief Executive Officer

Signature and Title: _____

A handwritten signature in black ink, appearing to read "Anabelle Lim-Chua", written over a horizontal line.

ANABELLE LIM-CHUA
Senior Vice President (Principal Financial Officer)

Signature and Title: _____

A handwritten signature in black ink, appearing to read "Gil Samson D. Garcia", written over a horizontal line.

GIL SAMSON D. GARCIA
First Vice President (Principal Accounting Officer)