

PLDT Inc.  
Form 6-K  
August 09, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

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

OF THE SECURITIES EXCHANGE ACT OF 1934

August 9, 2018

PLDT INC.

(Translation of registrant's name into English)

Ramon Cojuangco Building

Makati Avenue, Makati City

Philippines

(Address of registrant's principal executive office)

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

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

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

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

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SIGNATURES

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

PLDT  
PLDT INC.  
(Registrant)

By: /s/ Ma.  
Lourdes C.  
Rausa-Chan

Name: Ma. Lourdes  
C.  
Rausa-Chan  
Title: Corporate  
Secretary

Date: 08/09/2018

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SEC Number PW-55  
File Number

PLDT Inc.

(Company's Full Name)

Ramon Cojuangco Building  
Makati Avenue, Makati City

(Company's Address)

(632) 816-8556

(Telephone Number)

Not Applicable

(Fiscal Year Ending)

(month & day)

SEC Form 17-Q

Form Type

Not Applicable

Amendment Designation (if applicable)

June 30, 2018

Period Ended Date

Not Applicable

(Secondary License Type and File Number)

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August 9, 2018

Securities & Exchange Commission

Secretariat Building, PICC Complex

Roxas Boulevard, Pasay City

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

Gentlemen:

In accordance with Section 17.1(b) of the Securities Regulation Code and SRC Rule 17.1.1.1.2, we submit herewith two (2) copies of SEC Form 17-Q with Management's Discussion and Analysis and accompanying unaudited consolidated financial statements for the six months (6) months ended June 30, 2018.

Very truly yours,

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

COVER SHEET

SEC  
Registration  
Number  
PW-55

Company Name

PLDT INC.

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

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

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

COMPANY INFORMATION

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

No. of Stockholders Annual Meeting Fiscal Year

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11,679                      Month/Day                      Month/Day

as at June 30, 2018    Every 2<sup>nd</sup> Tuesday in June    December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
June Cheryl A. Cabal-Revilla	jacabal@pldt.com.ph	(02) 816-8534	

Contact Person's Address

11/F Ramon Cojuangco Bldg. Makati Ave., Makati City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.



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 June 30, 2018
2. SEC Identification Number PW-55
3. BIR Tax Identification No. 000-488-793
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

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Address of            Postal Code  
registrant's  
principal  
office

8. (632) 816-8556  
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 June 30, 2018

11. Are any or all of  
these securities  
listed on the  
Philippine Stock  
Exchange?

Yes [ X ] 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

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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 [ X ] No [ ]

(b) has been subject to such filing requirements for the past 90 days.

Yes [ X ] No [ ]

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## PART I – FINANCIAL INFORMATION

### Item 1. Consolidated Financial Statements

Our consolidated financial statements as at June 30, 2018 (unaudited) and December 31, 2017 (audited) and for the six months ended June 30, 2018 and 2017 (unaudited) and related notes (pages F-1 to F-148) 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, or PFRS, which is virtually converged with International Financial Reporting Standards as issued by the International Accounting Standards Board. PFRS differs in certain significant respects from generally accepted accounting principles, or GAAP, in the U.S.

The financial information appearing in this report and in the accompanying unaudited consolidated financial statements is stated in Philippine pesos. Unless otherwise indicated, translations of Philippine peso amounts into U.S. dollars in this report and in the accompanying unaudited consolidated financial statements were made based on the exchange rate of Php53.40 to US\$1.00, the exchange rate as at June 30, 2018 quoted through the Bankers Association of the Philippines.

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

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

actual results may differ materially from any forward-looking statement made in this report or elsewhere.

## Financial Highlights and Key Performance Indicators

	Six months ended June		Increase	
	30, 2018	2017	Amount	%
(amounts in million Php, except for EBITDA margin, earnings per common share)				
<b>Consolidated Income Statement</b>				
Revenues	82,239	79,015	3,224	4
Expenses	67,371	62,746	4,625	7
Other income	694	4,468	(3,774)	(84)
Income before income tax	15,562	20,737	(5,175)	(25)
Net income	11,805	16,561	(4,756)	(29)
Core income	13,136	17,427	(4,291)	(25)
EBITDA	33,185	32,010	1,175	4
EBITDA margin <sup>(1)</sup>	43	% 42	% —	—
Reported earnings per common share:				
Basic	54.31	76.32	(22.01)	(29)
Diluted	54.31	76.32	(22.01)	(29)
Core earnings per common share <sup>(2)</sup> :				
Basic	60.66	80.53	(19.87)	(25)
Diluted	60.66	80.53	(19.87)	(25)

			Increase	
	June 30, 2018	December 31, 2017	(Decrease) Amount	%
(amounts in million Php, except for net debt to equity ratio)				
<b>Consolidated Statements of Financial Position</b>				
Total assets	473,075	459,444	13,631	3
Property and equipment	190,726	186,907	3,819	2
Cash and cash equivalents and short-term investments	56,690	33,979	22,711	67
Total equity attributable to equity holders of PLDT	113,185	106,842	6,343	6
Long-term debt, including current portion	183,810	172,611	11,199	6
Net debt <sup>(3)</sup> to equity ratio	1.12x	1.30x	—	—

	Six months ended June		Increase	
	30, 2018	2017	(Decrease) Amount	%
(amounts in million Php, except for operational data)				
<b>Consolidated Statements of Cash Flows</b>				
Net cash provided by operating activities	40,882	19,536	21,346	109
Net cash used in investing activities	(11,258)	(2,361)	(8,897)	(377)
Payment for purchase of property and equipment, including	32,009	5,727	26,282	459



capitalized interest				
Net cash used in financing activities	(11,566 )	(22,592 )	11,026	49
<b>Operational Data</b>				
Number of mobile subscribers	58,510,872	58,703,732	(192,860)	—
Prepaid <sup>(4)</sup>	56,081,230	56,083,707	(2,477 )	—
Postpaid	2,429,642	2,620,025	(190,383)	(7 )
Number of broadband subscribers	2,038,333	1,833,101	205,232	11
Fixed Line broadband	1,829,096	1,575,914	253,182	16
Fixed Wireless broadband	209,237	257,187	(47,950 )	(19 )
Number of fixed line subscribers	2,756,865	2,546,992	209,873	8
Number of employees:	17,642	17,897	(255 )	(1 )
Fixed Line	10,967	10,893	74	1
LEC	6,844	7,284	(440 )	(6 )
Others	4,123	3,609	514	14
Wireless	6,675	7,004	(329 )	(5 )

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

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

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

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

		Weighted average Month end rates during the year
Exchange Rates – per US\$ rates		
June 30, 2018	53.40	51.94
December 31, 2017	49.96	50.41
June 30, 2017	50.45	49.94
December 31, 2016	49.77	47.48

## Performance Indicators

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

## EBITDA

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

## Core Income

Core income for the 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. The core income results are monitored by management for each business unit separately for purposes of making decisions about resource allocation and performance assessment. Also, core income is used by management as a basis of determining the level of dividend payouts to shareholders and basis of granting incentives to employees. Core income should not be considered as an alternative to income before income tax or net income determined in accordance with PFRS as an indicator of our performance. Unlike income before income tax, core income does not include foreign exchange gains and losses, gains and losses on derivative financial instruments, asset impairments and other non-recurring gains and losses. We compensate for these limitations by using core income as only one of several comparative tools, together with PFRS-based measurements, to assist in the evaluation of operating performance. Such PFRS-based measurements include income before income tax and net income. Our calculation of core income may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

## Overview

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

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

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

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

As at June 30, 2018, our chief operating decision maker, or our Management Committee, views our business activities in three business units: Wireless, Fixed Line and Others.

## Management's Financial Review

In addition to consolidated net income, we use EBITDA and core income to assess our operating performance. The reconciliation of our consolidated EBITDA and our consolidated core income to our consolidated net income for the six months ended June 30, 2018 and 2017 are set forth below.

The following table shows the reconciliation of our consolidated EBITDA to our consolidated net income for the six months ended June 30, 2018 and 2017:

	2018	2017
	(amounts in million Php)	
Consolidated EBITDA	33,185	32,010
Add (deduct) adjustments:		
Depreciation and amortization	(17,889)	(15,329)
Provision for income tax	(3,757 )	(4,176 )
Financing costs – net	(3,477 )	(3,799 )

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Foreign exchange losses – net	(906 )	(479 )
Amortization of intangible assets	(428 )	(412 )
Impairment of investments	(60 )	(778 )
Equity share in net earnings of associates and joint ventures	176	1,149
Interest income	916	611
Gains on derivative financial instruments – net	1,011	358
Other income – net	3,034	7,406
Total adjustments	(21,380)	(15,449)
Consolidated net income	11,805	16,561

The following table shows the reconciliation of our consolidated core income to our consolidated net income for the six months ended June 30, 2018 and 2017:

	2018	2017
	(amounts in million Php)	
Consolidated core income	13,136	17,427
Add (deduct) adjustments:		
Gain on investment valuation	1,459	—
Gains on derivative financial instruments – net, excluding hedge costs	1,039	498
Net income attributable to noncontrolling interests	43	43
Core income adjustment on equity share in net losses of associates and joint ventures	(31 )	(67 )
Impairment of investments	(60 )	(778 )
Investment written-off	(362 )	—
Foreign exchange losses – net	(906 )	(479 )
Depreciation due to shortened life of property and equipment	(3,565 )	—
Net tax effect of aforementioned adjustments	1,052	(83 )
Total adjustments	(1,331 )	(866 )
Consolidated net income	11,805	