

THE PRESIDENT'S REPORT
2020 PLDT ASM

INTRODUCTION

GOOD AFTERNOON TO ALL OF YOU.

LET ME FIRST TAKE THIS MOMENT TO THANK,
AND PAY TRIBUTE TO, OUR FRONTLINERS—TO
THE MEN AND WOMEN OF PLDT AND SMART—
WHO TOOK TO THE FRONT DURING THE
PANDEMIC. OUR NETWORK FIELD PERSONNEL
WORKED ROUND-THE-CLOCK BUILDING AND
REPAIRING OUR NETWORKS. OUR SALES AND
DISTRIBUTION WALKED THE EXTRA MILE TO HELP

MILLIONS OF OUR PREPAID CUSTOMERS GET THEIR LOAD TO STAY CONNECTED. OUR HOME REPAIR AND INSTALLS MADE NEW CONNECTIONS AND REPAIRED EXISTING ONES, DESPITE TRAVEL RESTRICTIONS.

IN PARTICULAR, I THANK RUDSEN VICENTE, WHO MANNED OUR HOTLINE SERVICES AT PLDT'S SAMPALOC EXCHANGE. HIS WIFE HAD JUST GIVEN BIRTH, BEFORE THE QUARANTINE WAS IMPOSED. AFTER SPENDING ONLY A FEW DELIGHTFUL DAYS WITH HIS NEWBORN BABY, RUDSEN VOLUNTEERED FOR PROLONGED LOCKDOWN DUTY IN SAMPALOC.

I THANK ROSEMARIE TIRONES, CUSTOMER CARE LEADER, SERVING VISAYAS AND MINDANAO, WHO JOINED THE TEAM UNDER LOCKDOWN – A DECISION THAT MADE HER MISS HER DAUGHTER’S 18TH BIRTHDAY. SHE MADE THAT CHOICE BECAUSE, IN HER WORDS – THERE WAS SIMPLY WORK THAT HAD TO BE DONE.

I THANK RAMEL MIÑOZA, A TOWER RIGGER IN CEBU FOR SMART. HE WAS OUT IN THE FIELD – INSTALLING AND SERVICING EQUIPMENT ON OUR TOWERS – BRAVING THE WEATHER AND THE RISKS OF COVID INFECTION. RAMEL SAID THAT NEXT TO HIS FAMILY, SERVING OUR SUBSCRIBERS IS IMPORTANT FOR HIM.

TWO DEFINING VALUES

THESE FRONTLINERS HAVE SET AN INFECTIOUS AND INSPIRING EXAMPLE FOR US ALL. WE OWE THEM AN INESTIMABLE DEBT OF GRATITUDE.

THEY DEMONSTRATE TWO VALUES WHICH DEFINE US: SERVICE, AND CONNECTIVITY. THESE ENERGIZE OUR BASIC PURPOSE – TO DELIVER THE BEST CUSTOMER EXPERIENCE.

BUT SERVICE AND CONNECTIVITY WORK BEST WHEN COMPLEMENTED WITH THE COURAGE OF OUR FRONTLINERS – THAT COURAGE WHICH MOVES OUR PEOPLE TO ACT, EVEN IN THE TEETH OF DANGER. THAT COURAGE WHICH SPEAKS TO

US THAT CRISIS IS NEITHER THE TIME TO DESPAIR,
NOR THE OCCASION TO SURRENDER, TO THE
DEMANDS OF THE VIRUS, TO BE A SLAVE TO IT.
THAT COURAGE WHICH TELLS US TO MOVE, TO
RESTORE AND REBUILD OUR BUSINESS, AND NOT
TO WAIT FOR COVID-19 TO DISAPPEAR.

THE YEAR 2020

TURNING NOW TO 2020.

WHEN THE PANDEMIC BROKE LOOSE IN THE
MIDDLE OF MARCH, OUR IMMEDIATE CONCERN
FOCUSED ON OUR 3 MOST IMPORTANT
CONSTITUENTS:

FIRST, THE HEALTH AND FINANCIAL WELL-BEING
OF OUR EMPLOYEES;

SECOND, CONTINUING CONNECTIVITY AND
SERVICE EXCELLENCE TO OUR CUSTOMERS;

THIRD, ASSISTANCE TO THE GOVERNMENT AND
ITS AGENCIES IN ADDRESSING THE NEEDS OF THE
NEEDY.

AS TO THE BUSINESS, OUR PRINCIPAL CONCERN
WAS PRESERVATION OF CASH FLOWS – TO
ENSURE FUNDING OF OUR OPERATING EXPENSES
SUCH AS SALARIES, AND OF CAPITAL
EXPENDITURES FOR CONTINUED NETWORK
BUILDOUT. A FORTRESS BALANCE SHEET WAS A

PARAMOUNT GOAL. FOR THE MEANTIME,
PROFITABILITY HAS TAKEN A BACK SEAT.

OUR REVENUES IN THE FIRST FOUR WEEKS OF
THE LOCKDOWN – SPANNING THE LAST HALF OF
MARCH AND THE FIRST HALF OF APRIL – WERE
HARDEST HIT. HOWEVER, STARTING THE WEEK OF
EASTER SUNDAY IN APRIL, FOLLOWING THROUGH
THE BALANCE OF APRIL, THEN MAY, AND
ONWARDS TO JUNE, WE HAVE SEEN A STEADY,
UPWARD MARCH OF OUR REVENUES –
ESPECIALLY IN WIRELESS AND HOME
BROADBAND. ACCORDINGLY, REVENUES IN APRIL
AND MAY THIS YEAR ARE AHEAD OF LAST YEAR.

GIVEN THIS MOMENTUM, IT IS LIKELY THAT SERVICE REVENUES FOR THE FIRST 6 MONTHS THIS YEAR WILL IMPROVE OVER LAST YEAR'S – DESPITE THE PANDEMIC. SIMILARLY, WE EXPECT OUR FIRST HALF TELCO CORE INCOME TO RISE ABOVE LAST YEAR'S – AGAIN DESPITE THE PANDEMIC.

I CAN ASSURE YOU THAT WE HAVE STEADY HANDS ON THE TILLER, AND THE SHIP ITSELF IS STURDY. I CAN ADD THAT PLDT IS, IN FACT, EMERGING STRONGER FROM THIS PANDEMIC.

WEAKNESSES AND SOLUTIONS

SADLY, COVID-19 HAS EXPOSED CERTAIN WEAKNESSES IN OUR COUNTRY WHICH MUST BE ADDRESSED, IF WE ARE TO BE BETTER PREPARED FOR THE NEXT CATASTROPHE.

THESE WEAKNESSES RELATE TO:

- SUPPLY CHAIN DISRUPTION
- DEFICITS IN HEALTH INFRASTRUCTURE, SUCH AS CONTACT TRACING AND TRACKING
- DISTRIBUTION OF SUBSIDIES UNDER THE GOVERNMENT'S SOCIAL AMELIORATION PROGRAM
- DIGITALIZATION OF EDUCATION AND HEALTH
- FOOD INSUFFICIENCY AND INADEQUACIES IN LOGISTICS

PLDT HAS A DIGITAL AGENDA FOR RECOVERY,
AND IS PREPARED TO WORK WITH GOVERNMENT
TO APPLY THESE DIGITAL SOLUTIONS:

FIRST, A DIGITAL MAP OF OUR NATIONAL SUPPLY
CHAIN, SO WE CAN TRACK THE SOURCE OF RAW
MATERIALS FOR THE MANUFACTURE OF FOOD
AND PHARMACEUTICAL PRODUCTS
PRINCIPALLY— AND THE MARKETS THEY GO TO.
MAPPING THE COUNTRY'S LOGISTICAL
INFRASTRUCTURE SHOULD BE PART OF THE
DIGITAL SUPPLY CHAIN BLUEPRINT.

SECOND, A NATIONAL I/D SYSTEM TO ENABLE THE
GOVERNMENT TO DO CONTACT TRACING AND

TRACKING DURING CRISES. THIS NATIONAL I/D, COMPLEMENTED BY EXISTING DIGITAL PAYMENT GATEWAYS, CAN MAKE THE DISTRIBUTION OF GOVERNMENT CASH SUBSIDIES MORE EFFICIENT, SINCE FUNDS CAN BE DISBURSED DIRECTLY TO INDIVIDUAL RECIPIENTS. THIS ALSO ENABLES THE PRIVATE SECTOR TO HELP WITH FUNDING AND SUBSIDIES.

THIRD, OUR ENTERPRISE GROUP ARE PART OF THE TECHNICAL WORKING GROUP OF THE DEPARTMENT OF EDUCATION WORKING ON DIGITALIZING THE EDUCATION ECOSYSTEM. WE HAVE RECOMMENDED A BROAD RANGE OF

DIGITAL SOLUTIONS -- FROM LEARNING MANAGEMENT SYSTEMS, TO DIGITAL INFRASTRUCTURE AND CONNECTIVITIES, TO WIRELESS AND FIBER PLANS, TO DIGITAL DEVICES TO BE PLACED IN THE HANDS OF OUR 1.2 MILLION TEACHERS AND 32 MILLION STUDENTS.

WE WANT TO ENSURE THAT NO STUDENT AND NO TEACHER – PUBLIC OR PRIVATE – ARE LEFT BEHIND.

FOURTH, TELEMEDICINE. PLDT IS WORKING WITH OUR GROUP HOSPITALS IN SUPPLYING MEDICAL

SERVICES REMOTELY, INVOLVING PROPAGATION OF DIGITAL DEVICES WHICH COULD READ VITAL SIGNS, TRANSMIT THE DATA TO DOCTORS DIGITALLY, AND FURNISH THE DIAGNOSIS TO PATIENTS. THIS IS INTERNET-OF-THINGS OR IOT AT WORK IN THE HEALTH SPACE.

FINALLY, AS TO FOOD SECURITY, OUR GROUP IS TAKING STEPS TO GET INTO FOOD PRODUCTION— BY CONSIDERING INDUSTRIAL SIZE, HIGH TECH GREENHOUSES TO PRODUCE VEGETABLES, IN THE FIRST INSTANCE. LATER, WE WILL CONSIDER PRODUCING OTHER STAPLE FOOD, INCLUDING RICE, ON AN INDUSTRIAL

SCALE. FOOD SECURITY IS CRITICAL TO OUR PEOPLE IN A CRISIS— WE CANNOT RELY ON IMPORTS WHICH COULD BE WITHHELD IN TIMES OF EMERGENCY.

CONCLUSION

LET ME CLOSE WITH OUR OUTLOOK FOR 2020.

IN ARTICULATING SUCH OUTLOOK, WE SHOULD REMIND OURSELVES THAT COVID-19 IS THE PERFECT STORM – IT ISN'T JUST A NATIONAL HEALTH CRISIS—IT IS ALSO AN ECONOMIC CRISIS SO VAST AND DEVASTATING, WITH

CONSEQUENCES ON LIVES AND BUSINESSES THAT HAVE YET TO BE FULLY FELT.

BECAUSE OF THE PANDEMIC'S SCALE AND SCOPE, WE HAVE TO ALLOW THE BLAST EFFECT OF THE PANDEMIC TO TAKE ITS FULL COURSE, BEFORE WE'RE ABLE TO FURNISH GUIDANCE NUMBERS WITH SOME PRECISION.

TO LEND A BETTER PERSPECTIVE, I REFER TO A RECENT HOMILY MADE BY FR DANNY HUANG, SJ FORMER PROVINCIAL OF THE PHILIPPINE JESUIT PROVINCE, NOW BASED IN ROME, WHICH READS – “ONE CONCEPT I HAVE FOUND HELPFUL IN

NAMING OUR TIME IS THAT OF LIMINALITY – THAT STRANGE AND UNSETTLING TIME AND STATE..... THAT SPACE BETWEEN NO LONGER AND NOT YET.”

THIS BEST DESCRIBES WHERE WE ARE TODAY – IN TRANSITION, A PASSAGE, IN A STATE OF AMBIGUITY AND DISORIENTATION – A POINT IN TIME WHERE THE DOORS OF THE PAST ARE CLOSING BEHIND US, AND WE, STANDING AT THE THRESHOLD OF A FUTURE THAT IS FLUID AND VARIABLE, AND LARGELY UNKNOWN. THE SO-CALLED NEW NORMAL.

THIS MAKES OUR JOB OF TELLING YOU WHAT'S
AHEAD— DANGEROUS. I'M REMINDED OF WHAT
WAS SAID ONCE – “IF YOU WANT TO MAKE GOD
LAUGH, JUST TELL HIM YOUR PLANS.”

ON THAT NOTE, I END THE PRESIDENT'S REPORT.

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