

# Philippine Long Distance Telephone Co (NYSE: PHI)

Location: Philippines

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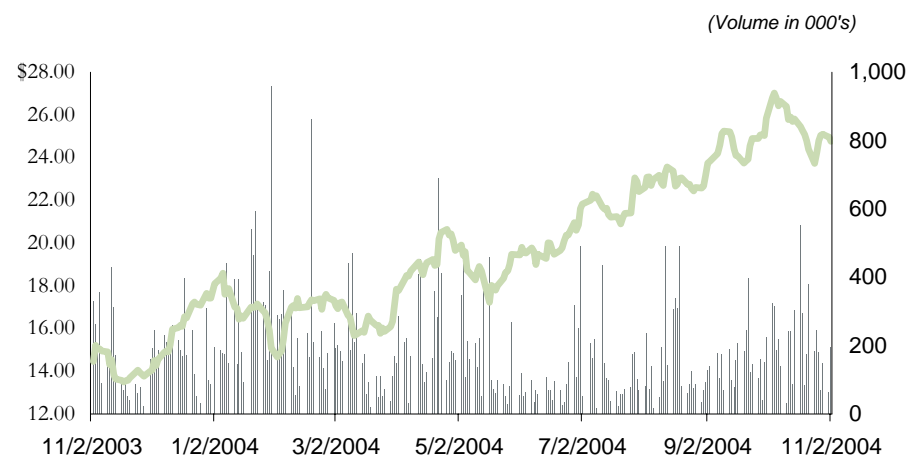
## BUSINESS DESCRIPTION

Philippine Long Distance Telephone Company (PLDT) is a telecommunications service provider in the Philippines. Through the Company's three principal business groups, wireless, fixed line and information and communications technology, it offers telecommunications services to over 15 million wireless and fixed-line subscribers in the Philippines across the Philippines fiber-optic backbone and fixed line, cellular and satellite networks.

## INVESTMENT THESIS

PLDT occupies an important position within the Telecom business in the Philippines. With an unmatched technological advantage, a substantial wireless market share and a well-established digital backbone, PLDT has become the dominant telephone provider in a high growth region of telecommunications. While there is some doubt as to their subsidiary debt, the astounding success of Smart Technology will allow the company to effectively pay down the debt (this point is bolstered by recently improved credit ratings).

## STOCK PRICE PERFORMANCE



## FINANCIAL SUMMARY

(in billions of pesos)

Results of Operations	FY Ended Dec 31,			
	2001.0	2002.0	2003.0	LTM(1)
Revenue	PHP 80.3	PHP 92.8	PHP 112.0	PHP 112.0
<i>Growth</i>	27.65%	15.58%	20.73%	NA
EBITDA	51.5	61.8	76.2	76.2
<i>EBITDA Margin</i>	64.09%	66.59%	68.00%	29.0%
EBIT	35.0	43.7	53.7	53.7
<i>EBIT Margin</i>	43.54%	47.13%	47.94%	47.9%
D&A	16.50	18.06	22.47	150.6
CapEx	28.20	17.24	17.94	(737.6)
Interest Expense	14.70	12.78	12.16	164.6

### Balance Sheet Data

Total Debt	\$3,274.3
Cash & Equivalents	344.2
Net Debt	2,930.0

### Credit Stats

	LTM
Total Debt/EBITDA	43.0x
Net Debt/EBITDA	38.5x
EBITDA/Interest	0.5x

### Trading Statistics

Share Price (10/03/04)	\$25.15
Diluted Shares Outstanding (6/30/04)	169.6
52 Week High	27.03
52 Week Low	13.05
Equity Market Value	4,264.7
Net Debt, Preferred & Minority Interest	2,930.0
Enterprise Value (EV)	\$7,194.7

### Valuation Multiples

	2001	2002	2003	LTM <sup>(1)</sup>
EV/Revenue	89.6x	77.5x	64.2x	64.2x
EV/EBITDA	139.8x	116.4x	94.4x	94.4x
EV/EBIT	205.8x	164.5x	134.0x	134.0x

(1) Figures as of 6/30/04