

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In Re. Philippine Airlines, Inc. §
Debtor(s) §
Case No. 21-11569 §
☐ Jointly Administered

Monthly Operating Report

Chapter 11

Reporting Period Ended: 09/30/2021 Petition Date: 09/03/2021
Months Pending: 1 Industry Classification:

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Reporting Method: Accrual Basis ☒ Cash Basis ☐
Debtor's Full-Time Employees (current): 4,526
Debtor's Full-Time Employees (as of date of order for relief): 0

Supporting Documentation (check all that are attached):

(For jointly administered debtors, any required schedules must be provided on a non-consolidated basis for each debtor)

- ☒ Statement of cash receipts and disbursements
- ☒ Balance sheet containing the summary and detail of the assets, liabilities and equity (net worth) or deficit
- ☒ Statement of operations (profit or loss statement)
- ☒ Accounts receivable aging
- ☒ Postpetition liabilities aging
- ☐ Statement of capital assets
- ☒ Schedule of payments to professionals
- ☒ Schedule of payments to insiders
- ☐ All bank statements and bank reconciliations for the reporting period
- ☐ Description of the assets sold or transferred and the terms of the sale or transfer

/s/ Nilo Thaddeus P. Rodriguez
Signature of Responsible Party
October 15, 2021
Date

Nilo Thaddeus P. Rodriguez
Printed Name of Responsible Party
8F PNB Financial Center, Pres. Diosdado Macapagal
Ave., CCP Complex, Pasay City, Philippines
Address

STATEMENT: This Periodic Report is associated with an open bankruptcy case; therefore § 1320.4(a)(2) applies.



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Debtor's Name Philippine Airlines, Inc.

Case No. 21-11569

Part 1: Cash Receipts and Disbursements	Current Month	Cumulative
a. Cash balance beginning of month	\$35,733,637	
b. Total receipts (net of transfers between accounts)	\$111,523,891	\$111,523,891
c. Total disbursements (net of transfers between accounts)	\$70,186,874	\$70,186,874
d. Cash balance end of month (a+b-c)	\$77,070,654	
e. Disbursements made by third party for the benefit of the estate	\$0	
f. Total disbursements for quarterly fee calculation (c+e)	\$70,186,874	\$70,186,874

Part 2: Asset and Liability Status (Not generally applicable to Individual Debtors. See Instructions.)	Current Month
a. Accounts receivable (total net of allowance)	\$338,503,365
b. Accounts receivable over 90 days outstanding (net of allowance)	\$201,536,768
c. Inventory (Book <input checked="" type="radio"/> Market <input type="radio"/> Other <input type="radio"/> (attach explanation))	\$54,539,929
d. Total current assets	\$539,804,227
e. Total assets	\$3,951,398,838
f. Postpetition payables (excluding taxes)	\$120,417,973
g. Postpetition payables past due (excluding taxes)	\$24,204,718
h. Postpetition taxes payable	\$4,821,716
i. Postpetition taxes past due	\$0
j. Total postpetition debt (f+h)	\$125,239,689
k. Prepetition secured debt	\$508,119,356
l. Prepetition priority debt	\$268,463,523
m. Prepetition unsecured debt	\$5,103,077,716
n. Total liabilities (debt) (j+k+l+m)	\$6,004,900,284
o. Ending equity/net worth (e-n)	\$-2,053,501,446

Part 3: Assets Sold or Transferred	Current Month	Cumulative
a. Total cash sales price for assets sold/transferred outside the ordinary course of business	\$0	\$0
b. Total payments to third parties incident to assets being sold/transferred outside the ordinary course of business	\$0	\$0
c. Net cash proceeds from assets sold/transferred outside the ordinary course of business (a-b)	\$0	\$0

Part 4: Income Statement (Statement of Operations) (Not generally applicable to Individual Debtors. See Instructions.)	Current Month	Cumulative
a. Gross income/sales (net of returns and allowances)	\$91,749,389	
b. Cost of goods sold (inclusive of depreciation, if applicable)	\$90,424,346	
c. Gross profit (a-b)	\$1,325,043	
d. Selling expenses	\$3,827,280	
e. General and administrative expenses	\$4,901,690	
f. Other expenses	\$14,359,607	
g. Depreciation and/or amortization (not included in 4b)	\$1,208,399	
h. Interest	\$8,559,761	
i. Taxes (local, state, and federal)	\$372,013	
j. Reorganization items	\$0	
k. Profit (loss)	\$-29,558,261	\$-29,558,261

Debtor's Name **Philippine Airlines, Inc.**Case No. **21-11569****Part 5: Professional Fees and Expenses**

		Approved Current Month	Approved Cumulative	Paid Current Month	Paid Cumulative
a.	Debtor's professional fees & expenses (bankruptcy) <i>Aggregate Total</i>				
	<i>Itemized Breakdown by Firm</i>				
Add	Firm Name	Role			
Delete	i	See attached exhibit			
Delete	ii				
Delete	iii				
Delete	iv				

		Approved Current Month	Approved Cumulative	Paid Current Month	Paid Cumulative
b.	Debtor's professional fees & expenses (nonbankruptcy) <i>Aggregate Total</i>				
	<i>Itemized Breakdown by Firm</i>				
Add	Firm Name	Role			
Delete	i	See attached exhibit			
Delete	ii				
Delete	iii				
Delete	iv				
c.	All professional fees and expenses (debtor & committees)				

Part 6: Postpetition Taxes

	Current Month	Cumulative
a. Postpetition income taxes accrued (local, state, and federal)	\$0	\$0
b. Postpetition income taxes paid (local, state, and federal)	\$0	\$0
c. Postpetition employer payroll taxes accrued	\$1,696,091	\$1,696,091
d. Postpetition employer payroll taxes paid	\$13,830	\$13,830
e. Postpetition property taxes paid	\$237	\$237
f. Postpetition other taxes accrued (local, state, and federal)	\$3,999,668	\$3,999,668
g. Postpetition other taxes paid (local, state, and federal)	\$313,499	\$313,499

Part 7: Questionnaire - During this reporting period:

- | | |
|--|---|
| a. Were any payments made on prepetition debt? (if yes, see Instructions) | Yes <input checked="" type="radio"/> No <input type="radio"/> |
| b. Were any payments made outside the ordinary course of business without court approval? (if yes, see Instructions) | Yes <input type="radio"/> No <input checked="" type="radio"/> |
| c. Were any payments made to or on behalf of insiders? | Yes <input checked="" type="radio"/> No <input type="radio"/> |
| d. Are you current on postpetition tax return filings? | Yes <input checked="" type="radio"/> No <input type="radio"/> |
| e. Are you current on postpetition estimated tax payments? | Yes <input checked="" type="radio"/> No <input type="radio"/> |
| f. Were all trust fund taxes remitted on a current basis? | Yes <input checked="" type="radio"/> No <input type="radio"/> |
| g. Was there any postpetition borrowing, other than trade credit? (if yes, see Instructions) | Yes <input checked="" type="radio"/> No <input type="radio"/> |
| h. Were all payments made to or on behalf of professionals approved by the court? | Yes <input type="radio"/> No <input type="radio"/> N/A <input checked="" type="radio"/> |

Debtor's Name **Philippine Airlines, Inc.**Case No. **21-11569**

- i. Do you have: Worker's compensation insurance? Yes ☒ No ☐
 If yes, are your premiums current? Yes ☒ No ☐ N/A ☐ (if no, see Instructions)
 Casualty/property insurance? Yes ☒ No ☐
 If yes, are your premiums current? Yes ☒ No ☐ N/A ☐ (if no, see Instructions)
 General liability insurance? Yes ☒ No ☐
 If yes, are your premiums current? Yes ☒ No ☐ N/A ☐ (if no, see Instructions)
- j. Has a plan of reorganization been filed with the court? Yes ☒ No ☐
- k. Has a disclosure statement been filed with the court? Yes ☒ No ☐
- l. Are you current with quarterly U.S. Trustee fees as set forth under 28 U.S.C. § 1930? Yes ☒ No ☐

Part 8: Individual Chapter 11 Debtors (Only)

- | | |
|--|---|
| a. Gross income (receipts) from salary and wages | \$0 |
| b. Gross income (receipts) from self-employment | \$0 |
| c. Gross income from all other sources | \$0 |
| d. Total income in the reporting period (a+b+c) | \$0 |
| e. Payroll deductions | \$0 |
| f. Self-employment related expenses | \$0 |
| g. Living expenses | \$0 |
| h. All other expenses | \$0 |
| i. Total expenses in the reporting period (e+f+g+h) | \$0 |
| j. Difference between total income and total expenses (d-i) | \$0 |
| k. List the total amount of all postpetition debts that are past due | \$0 |
| l. Are you required to pay any Domestic Support Obligations as defined by 11 U.S.C § 101(14A)? | Yes <input type="radio"/> No <input checked="" type="radio"/> |
| m. If yes, have you made all Domestic Support Obligation payments? | Yes <input type="radio"/> No <input type="radio"/> N/A <input checked="" type="radio"/> |

Debtor's Name Philippine Airlines, Inc.

Case No. 21-11569

Privacy Act Statement

28 U.S.C. § 589b authorizes the collection of this information, and provision of this information is mandatory under 11 U.S.C. §§ 704, 1106, and 1107. The United States Trustee will use this information to calculate statutory fee assessments under 28 U.S.C. § 1930(a)(6). The United States Trustee will also use this information to evaluate a chapter 11 debtor's progress through the bankruptcy system, including the likelihood of a plan of reorganization being confirmed and whether the case is being prosecuted in good faith. This information may be disclosed to a bankruptcy trustee or examiner when the information is needed to perform the trustee's or examiner's duties or to the appropriate federal, state, local, regulatory, tribal, or foreign law enforcement agency when the information indicates a violation or potential violation of law. Other disclosures may be made for routine purposes. For a discussion of the types of routine disclosures that may be made, you may consult the Executive Office for United States Trustee's systems of records notice, UST-001, "Bankruptcy Case Files and Associated Records." See 71 Fed. Reg. 59,818 et seq. (Oct. 11, 2006). A copy of the notice may be obtained at the following link: http://www.justice.gov/ust/eo/rules_regulations/index.htm. Failure to provide this information could result in the dismissal or conversion of your bankruptcy case or other action by the United States Trustee. 11 U.S.C. § 1112(b)(4)(F).

I declare under penalty of perjury that the foregoing Monthly Operating Report and its supporting documentation are true and correct and that I have been authorized to sign this report on behalf of the estate.

/s/ Nilo Thaddeus P. Rodriguez

Signature of Responsible Party

Senior Vice President/Chief Financial Officer

Title

Nilo Thaddeus P. Rodriguez

Printed Name of Responsible Party

10/15/2021

Date

Philippine Airlines, Inc.	Case No.	21-11569 (SCC)
Debtor	Reporting Period:	9/3/21 - 9/30/21
	Fed. Tax I.D. No.:	N/A

MOR-1: CASH FLOW STATEMENTS

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	\$	91,077,127
Payments to suppliers and employees		(67,176,655)
Interest income received		24,662
Taxes paid		(266)
Financing charges paid		(2,598,394)
Net cash from operating activities		21,326,474

CASH FLOWS FROM INVESTING ACTIVITIES

Refund of various deposits		422,102
Net cash from investing activities		422,102

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of Long-term obligations		(352,062)
Cash received from Debtor-in-possession financing		20,000,000
Net cash from financing activities		19,647,938

EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(59,497)
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NET INCREASE IN CASH AND CASH EQUIVALENTS		41,337,017
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CASH AND CASH EQUIVALENTS AT BEGINNING		35,733,637
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CASH AND CASH EQUIVALENTS AT END	\$	77,070,654
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Philippine Airlines, Inc.	Case No.	21-11569 (SCC)
Debtor	Reporting Period:	9/3/21 - 9/30/21
	Fed. Tax I.D. No.:	N/A

MOR-2a: BALANCE SHEET

September 30,
2021

ASSETS

Current Assets

Cash and cash equivalents	\$	77,070,654
Receivables - net		338,503,365
Expendable parts, fuel, materials and supplies		54,539,929
Other current assets		68,790,279
		538,904,227
Assets held for sale		900,000
Total Current Assets		539,804,227

Noncurrent Assets

Property and equipment		
@ cost		2,622,866,944
@ appraised values		19,305,254
Investment properties		32,846,191
Investment in subsidiaries		327,565,455
Other noncurrent assets		409,010,767
Total Noncurrent Assets		3,411,594,611

TOTAL ASSETS	\$	3,951,398,838
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LIABILITIES AND EQUITY

Current Liabilities

Notes payable	\$	373,776,031
Accounts payable		401,002,635
Accrued expenses		1,150,053,906
Unearned transportation revenue		201,992,596
Current portion of long-term obligations		2,176,556,809
Total Current Liabilities		4,303,381,977

Noncurrent Liabilities

Long-term obligations - net of current portion		973,209,610
Accrued employee benefits		227,856,460
Reserves and other noncurrent liabilities		450,361,174
Deferred tax liabilities		50,091,063
Total Noncurrent Liabilities		1,701,518,307

Total Liabilities		6,004,900,284
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Equity

Capital stock		300,467,599
Capital in excess of par		1,830,416
Other equity reserves		27,038,639
Other comprehensive loss		(8,439,315)
Deficit		(2,374,398,786)
Total Equity		(2,053,501,446)

TOTAL LIABILITIES AND EQUITY	\$	3,951,398,838
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Philippine Airlines, Inc.	Case No.	21-11569 (SCC)
Debtor	Reporting Period:	9/3/21 - 9/30/21
	Fed. Tax I.D. No.:	N/A

MOR-2b: ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Aging	90 days and less	91 days and beyond	Total
Trade Accounts Receivables	124,132,714	90,668,815	214,801,530
Less: Allowance for Bad Debts	1,216,630	17,463,901	18,680,530
Net Trade Accounts Receivables	122,916,085	73,204,915	196,120,999
Non-Trade Accounts Receivables	14,050,512	207,215,076	221,265,588
Less: Allowance for Bad Debts	-	78,883,223	78,883,223
Net Non-Trade Accounts Receivables	14,050,512	128,331,853	142,382,365
Total Net Accounts Receivable	136,966,596	201,536,768	338,503,365

Philippine Airlines, Inc.	Case No.	21-11569 (SCC)
Debtor	Reporting Period:	9/3/21 - 9/30/21
	Fed. Tax I.D. No.:	N/A

MOR-2c: POST-PETITION ACCOUNTS PAYABLE AGING

	Total Postpetition Debts	Current	Past Due (0-30 Days)
Postpetition Liabilities Aging	125,239,689	101,034,971	24,204,718

Philippine Airlines, Inc.	Case No.	21-11569 (SCC)
Debtor	Reporting Period:	9/3/21 - 9/30/21
	Fed. Tax I.D. No.:	N/A

MOR-4: STATEMENT OF OPERATIONS

**FOR THE PERIOD
SEPTEMBER 3-30, 2021**

REVENUES

Passenger	59,991,075
Cargo	25,880,529
Ancillary	3,467,799
Others	2,409,986
	91,749,389

EXPENSES

Flying operations	59,803,532
Maintenance	13,630,715
Aircraft and traffic servicing	10,631,406
Passenger service	6,358,693
Reservation and sales	3,827,280
General and administrative	6,481,837
	100,733,463

OTHER (INCOME) CHARGES

Financing charges	8,559,761
Share in net income of an associate	(2,341,547)
Other Charges (Income)-net	14,359,606
	20,577,820

NET LOSS BEFORE INCOME TAX (29,561,894)

INCOME TAX EXPENSE (BENEFIT) 266

NET LOSS (29,562,160)

OTHER COMPREHENSIVE INCOME (LOSS)

Other Comprehensive loss, net of deferred income tax effect 3,899

TOTAL COMPREHENSIVE LOSS (29,558,261)

Philippine Airlines, Inc.
Debtor

Case No. 21-11569 (SCC)
Reporting Period: 9/3/21 - 9/30/21
Fed. Tax I.D. No.: N/A

MOR-5: PAYMENTS TO INSIDERS AND PROFESSIONALS

INSIDERS

	TOTAL PAID
TOTAL PAYMENTS TO INSIDERS	233,715.34

PROFESSIONALS

NAME	DATE OF COURT ORDER AUTHORIZING RETENTION / EMPLOYMENT		TOTAL AMOUNT APPROVED	AMOUNT PAID CURRENT MONTH	TOTAL PAID TO DATE	TOTAL INCURRED AND UNPAID
Angara Abello Concepcion Regala & Cruz Law Offices	30/09/2021	[1]	0	0	0	0
Debevoise & Plimpton LLP	PENDING	[2]	0	0	0	0
Hogan Lovells	30/09/2021	[1]	0	0	0	0
Holman Fenwick Willan Middle East LLP	30/09/2021	[1]	0	0	0	0
Holman Fenwick Willan Singapore LLP	30/09/2021	[1]	0	0	0	0
Kurtzman Carson Consultants LLC (Administrative Agent)	09/09/2021	[3]	0	0	0	0
Kurtzman Carson Consultants LLC (Claims Agent)	30/09/2021	[4]				
Laguesma Magsalin Consulta & Gastardo	30/09/2021	[1]	0	0	0	0
Lowndes Jordan	30/09/2021	[1]	0	0	0	0
Norton Rose Fulbright LLP						
Norton Rose Fulbright (Asia) LLP	PENDING	[5]	0	0	0	0
Quisumbing Torres (Baker McKenzie)	30/09/2021	[1]	0	0	0	0
Seabury Securities LLC						
Seabury International Corporate Finance LLC	PENDING	[6]	0	0	0	0
Stikeman Elliot	30/09/2021	[1]	0	0	0	0
Togut, Segal & Segal LLP	30/09/2021	[1]	0	0	0	0
Zambrano & Gruba Law Offices	30/09/2021	[1]	0	0	0	0
TOTAL PAYMENTS TO PROFESSIONALS			\$ -	\$ -	\$ -	\$ -

FOOTNOTES

[1] Paid pursuant to the Court's Order Authorizing the Debtor to Employ and Pay Professionals Used in the Ordinary Course of Business [ECF No. 127]

[2] Employment Application was filed on 9/29/21 [ECF No. 107], hearing to be held on 10/28/21.

[3] Paid pursuant to the Court's Order Appointing Kurtzman Carson Consultants LLC as Claims and Noticing Agent for the Debtor Pursuant to 28 U.S.C. § 156(c), 11 U.S.C. § 105(a) and S.D.N.Y. LBR 5075-1 Nunc Pro Tunc to the Petition Date [ECF No. 46].

[4] Employment Application was filed on 9/29/21 [ECF No. 109], hearing to be held on 10/28/21.

[5] Employment Application was filed on 9/29/21 [ECF No. 108], hearing to be held on 10/28/21.

[6] Employment Application has yet to be filed.

Philippine Airlines, Inc.	Case No.	21-11569 (SCC)
Debtor	Reporting Period:	9/3/21 - 9/30/21
	Fed. Tax I.D. No.:	N/A

MOR-7: POST-PETITION BORROWING OTHER THAN TRADE CREDIT

PAL's DIP financing totals US\$505 million, comprised of a US\$250 million first lien secured Tranche A multi-draw term loan, of which US\$20 million was drawn following approvals on the "First Day" court hearing last September 9, and a second lien secured Tranche B multi-draw term loan facility of \$255 million. The DIP financing could be converted (at PAL's discretion) to long-term unsecured debt and equity—rather than repay in cash—upon emergence from chapter 11.