



INVESTMENTS
CORPORATION

1H 2020 Earnings Report

5 August 2020, 2PM



SMIC 1H 2020 Consolidated Results

- Revenue growth impacted by Covid-19 and lockdown
- Impact on Q2 greater than on Q1, as expected
- Earnings also impacted by prudent bank provisions
- Conservative gearing maintained

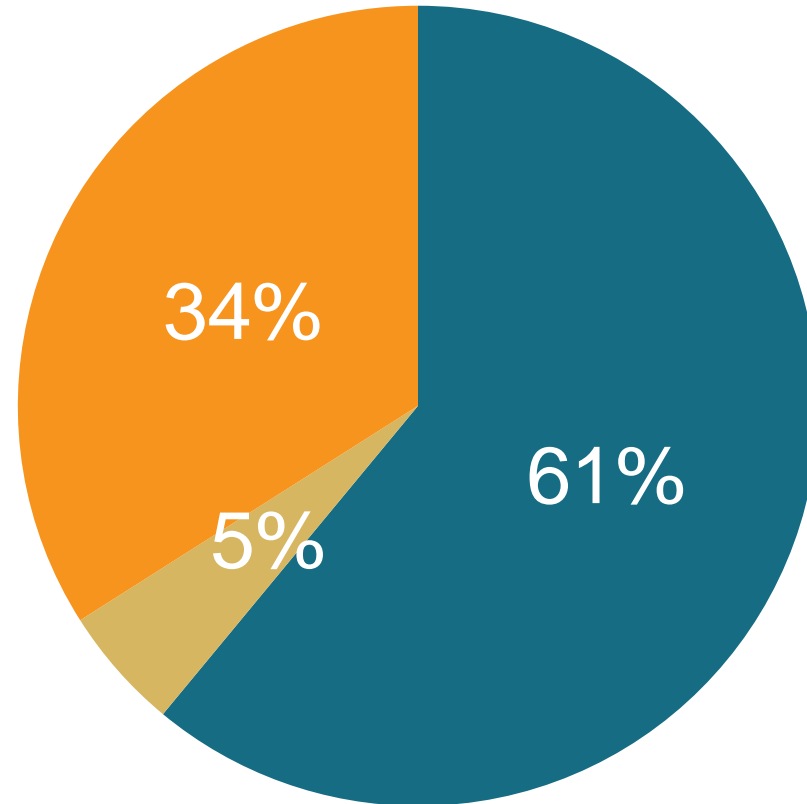
SM Investments	1H 2020	Chg
Revenues	185.5	-21%
Earnings	7.1	-69%
Assets*	1,156.8	1%
Net Debt:Total Equity	39 : 61	

Figures in PHP B except percentages

**Asset growth compares 1H2020 vs FY2019*

Net Income Mix

- Property and Banks led earnings in 1H



■ Property ■ Retail ■ Banking

Banking – BDO

Banking	BDO	
	1H 2020	Chg
Net Income	4.3	-79%
Net Interest Inc.	66.4	17%
Other Income	24.8	-16%
Loans	2,260.8	11%
Deposits	2,607.4	9%
NIM	4.4%	
NPL	1.9%	
CET 1	12.7%	
CAR	13.8%	

Figures in PHP B except percentages

- BDO's core businesses sustained growth
- P22.4b provisions booked in anticipation of potential delinquencies
- Solid balance sheet and capital ratios

Banking – China Bank

Banking	CHIB	
	1H 2020	Chg
Net Income	5.2	24%
Net Interest Inc.	16.2	39%
Other Income	4.7	41%
Loans	592.7	11%
Deposits	772.7	3%
NIM	3.8%	
NPL	1.6%	
CET 1*	12.6%	
CAR*	13.6%	

- China Bank delivered positive earnings growth despite Covid-19
- Prudent provisions increased 14x
- Strong balance sheet and liquidity position

Figures in PHP B except percentages

**CET1 and Total CAR are of the Parent Company*

Property

- Mall revenues impacted by P11b of waived rents and rental discounts
- Residential and Commercial revenue growth remains positive

SM Prime	1H 2020	Chg
Revenues	43.7	-23%
Earnings	10.4	-46%
Philippine Mall Revenue	14.4	-49%
Residential Revenue	23.7	11%
Residential Reservation Sales	42.4	
Other Revenues	3.6	

Retail

- Strong top line and positive earnings growth in Food
- Non-Food challenged by Q2 lockdown
- All formats adapting to new customer needs

SM Retail	Revenue	Chg	NI	Chg
Total Retail	139.2	-18%	0.5	-91%
SM Store	22.7	-57%	-1.5	-205%
Specialty	23.8	-44%	0.1	-96%
Food Group	100.1	15%	2.3	4%

Figures in PHP B except percentages

SM Retail 2nd Quarter

05 August 2020

STRATEGIC FOCUS AREAS



Call to Deliver (CTD)



Revitalize Online Markets Selling

ShopSM
Lazada/Shopee (The SM Store)
“Essentials” product offerings



Preparing for the “new normal”

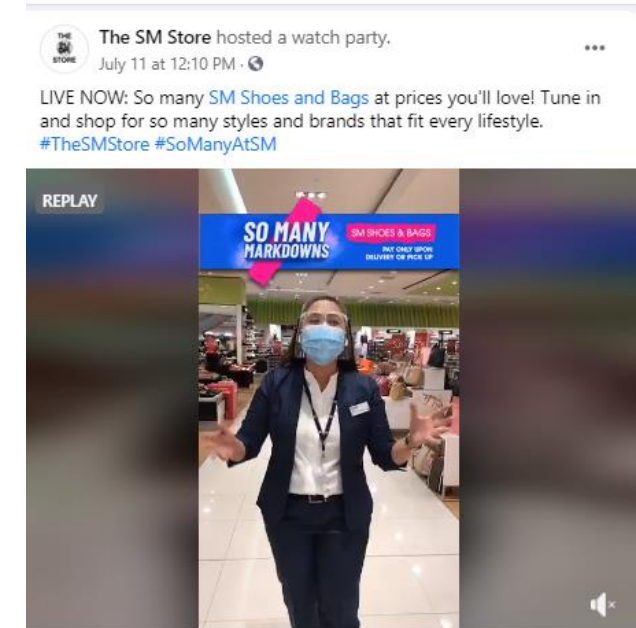
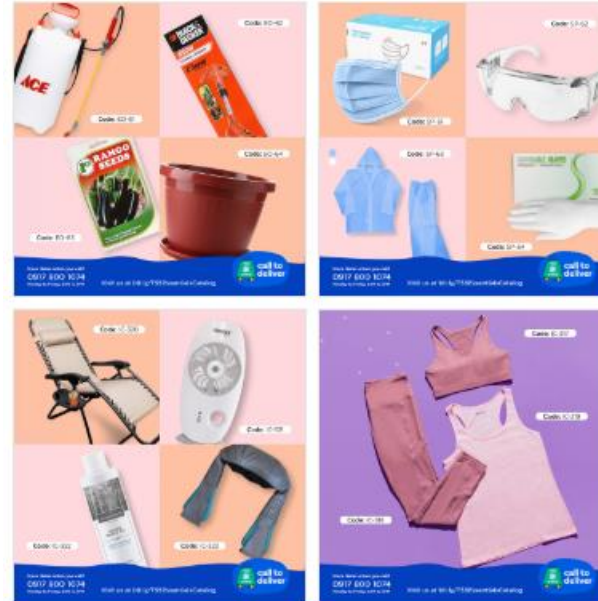
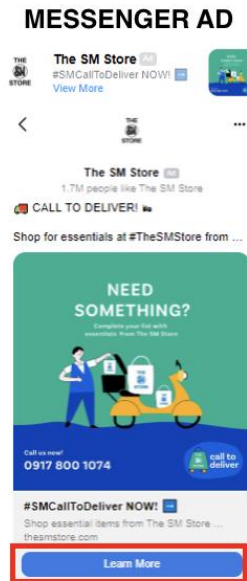
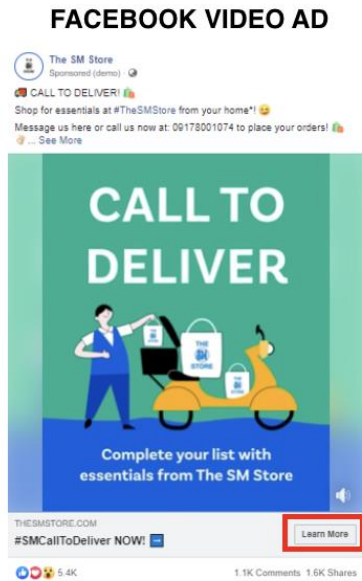
Protecting our people
Creating a safe shopping
environment

CALL TO DELIVER

- Bringing our merchandise and service to our customers
- Utilizing Viber Communities
- Food / Non-food
- Store, Curbside pick-up
- Door-to-door thru logistics company partnerships
- Now 10% of total volume and growing



CALL TO DELIVER



Social Media to support
Call to Deliver Service

Employed Catalogs to call
out essential items

Use of Facebook Live
Streaming to sell fashion

CALL TO DELIVER

We are open to serve you tomorrow!

#SMCallToDeliver

Visit bit.ly/TSSEssentials2020 to learn more!

ShopSM MARKETS

Happy to serve you in our new locations!

Delivery to parts of Makati*, BGC, Pasay, Paranaque*
markets.shopsm.com

TOY KINGDOM
THE AMAZING TOY STORE!

Call to Deliver

In partnership with **GroBExpress**

PLAY ESSENTIALS DELIVERED DIRECTLY TO YOU

dyson supersonic

Pretty. Special. Mother's Day Gift.

Get two Dyson Supersonic hair dryer for P35,000.

Limited edition Red colourway with leather presentation gift case.

You Order. We Deliver.

SMHOME.COM.PH

09175169661 • 09190682641

SM HOME
THE HOME STORE

KULTURA

SHOP FROM HOME
CALL TO DELIVER
#SUPPORTLOCAL

SM MALL OF ASIA
0594 8477
www.kultura.com.ph/mall-of-asia

SM MEGAMALL
0942 2910
www.kultura.com.ph/megamall

SM CITY CEBU
032 236 1843
www.kultura.com.ph/city-cebu

SM LANANG PREMIER
0922 321 8883
www.kultura.com.ph/lanang-premier

CALL TO DELIVER / PICK UP

CUSTOMER SERVICE
0917 811 4377
0917 812 1115

SM MALL OF ASIA
0917 814 5978

FOREVER 21
WE NOW ACCEPT **GroBPay**

ShopSM MARKETS

Order your everyday groceries online

Delivery to Makati, Pasay, Pateros, BGC, and parts of Taguig.

markets.shopsm.com

THE BODY SHOP

WE DELIVER!

Monday - Friday | 10AM - 5PM
SM MEGAMALL

7-914-0431
0917-8185746

CUSTOMER SERVICE
0917-5891262 | 0951-8579553

SM ONLINE

Stay Home Safe

ORDER TO DELIVER

Now accepting orders from Monday to Friday, 9 AM to 3 PM.

View and select offers via our product catalogue [\(link in caption\)](#)

Hurry! Order Now!
[\(link in caption\)](#)

Join our **SM** community for inquiries

SM APPLIANCE CENTER

Pet Express
Your Dog & Cat Shop

Call & Collect

Call Pet Express at (02) 8650-4693 or (0917) 809-1864 and place your order.

Pick-up order via courier service at Pet Express SM Megamall

ACE Hardware

CALL & COLLECT

CALL OR TEXT

WAIT FOR DELIVERY

OUR HOME

CALL AND DELIVER

OURHOME.COM.PH | 0917-8315260

SPORTS CENTRAL

ORDER AND DELIVER

CALL TO DELIVER (NEXT STEPS)



IMPROVING POINT OF CONTACT

Personal Shopper



IMPROVE THE TECHNOLOGY

- Dispatching & rider management system.
- Improved performance monitoring of personal shoppers



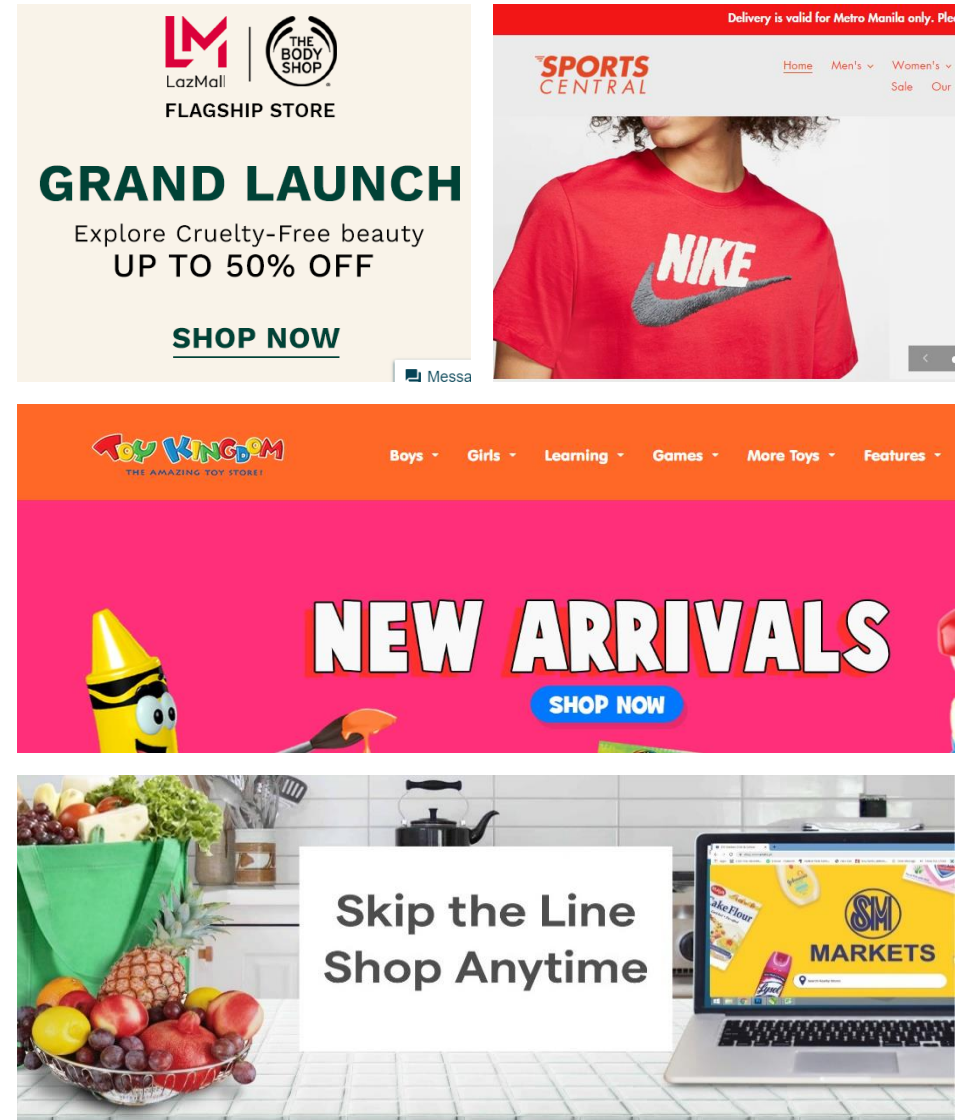
TARGETED PROMOTION



CTD AT 20% OF SALES BY 2021

REVITALIZE ONLINE SELLING

- From 3 to 10 (+7) new ecommerce websites
- Increased Lazada / Shopee Presence from 4 to 10 (+6) total stores per marketplace
- Increase stores in Groceries from 3 to 11 (+8) to cover more of NCR
- Online sales is 10X pre-pandemic



Key Shifts in Behavior



BRANDS WINNING

Dyson, Crocs, Watson's, Ace, The Body Shop and Branded Appliances sold more than ever!



FASHION

Fashion bouncing back in May/June with Crocs, F21 generating high sales online, expect to continue to bounce back with online sales



CONSUMER BEHAVIOR

Shift in consumer behavior noticeable for home items (Kitchen, Appliances, Small Furniture) with more and more people comfortable buying online or calling.



ESSENTIAL BUYS

Clear shift towards cleaning, protective merchandise, air purifiers, seasonal needs



CONTINUOUSLY GROWING

Need Based Categories (Pharmacy, Hardware, Food) continue to grow, but more to hyperlocal (Community Store and Local Online and Local Call to Deliver. Community Stores like Ace and Watsons growing from 20% to 95% more)

SM ONLINE BUSINESS OUTLOOK

ACCELERATE GROWTH TO BE A MAJOR PLAYER

- User & Sales growth is 10X from Jan – July, **looking for another 10X by July 2021**
- **Grocery** has grown to cover MM, **will eventually cover nationwide, with pick up as a major driver**
- Increased **collaborations with Brands** to be present across Food and Non-Food
- **Investment focus**
 - Improved Customer Experience with a Faster, Better Platform
 - Improved Delivery Times with better Fulfillment Capabilities and Partnerships
 - Offer multiple ways for customers to receive products by increasing assortment to allowing more Buy Online – Pick Up in Store activities

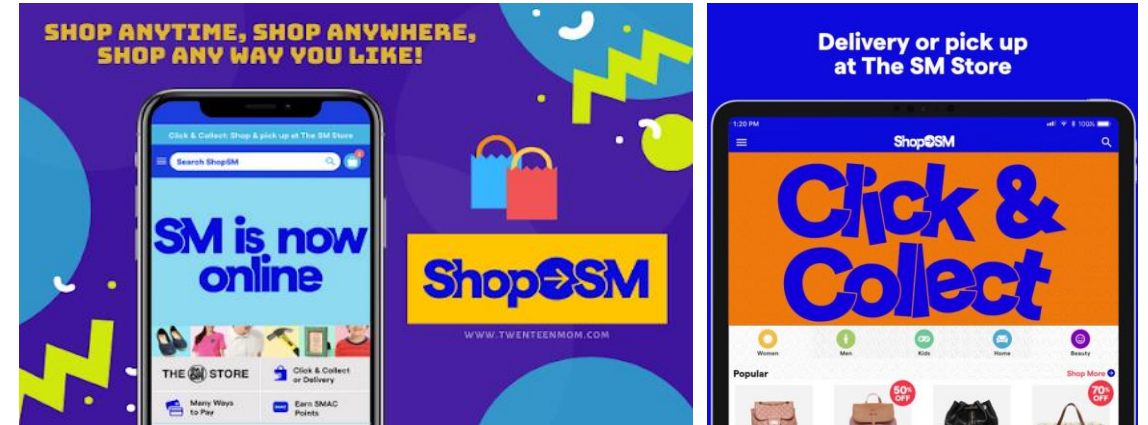


What's New in 2020?



LAZADA, SHOPEE, ZALORA

F21, Under Armour, Bata, The Body Shop,
Ecco, Miniso now available.
Ace Hardware, Sports Central to launch soon



OWN DIGITAL CHANNELS

(.com, Call-To-Deliver, etc)

Our Home, The Body Shop, Dyson, Nutribullet,
Miniso, Crate and Barrel, Under Armour, Kultura,
SM Supplies, SM Home to launch new websites soon

THE NEW NORMAL

Creating a safe environment for
our people and customers



PROTECTING OUR EMPLOYEES

PERSONAL PROTECTION

- Face masks and shields
- Regular rapid testing to ensure employees' safety

SANITATION STANDARDS

- Thermal scanning and health check
- Alcohol dispensers in strategic areas
- Packed meals for employees

COMMUNICATIONS

- General safety advisories
- Health, safety, and social distancing (room limits) reminders



CREATING A SAFE SHOPPING ENVIRONMENT

PERSONAL PROTECTION

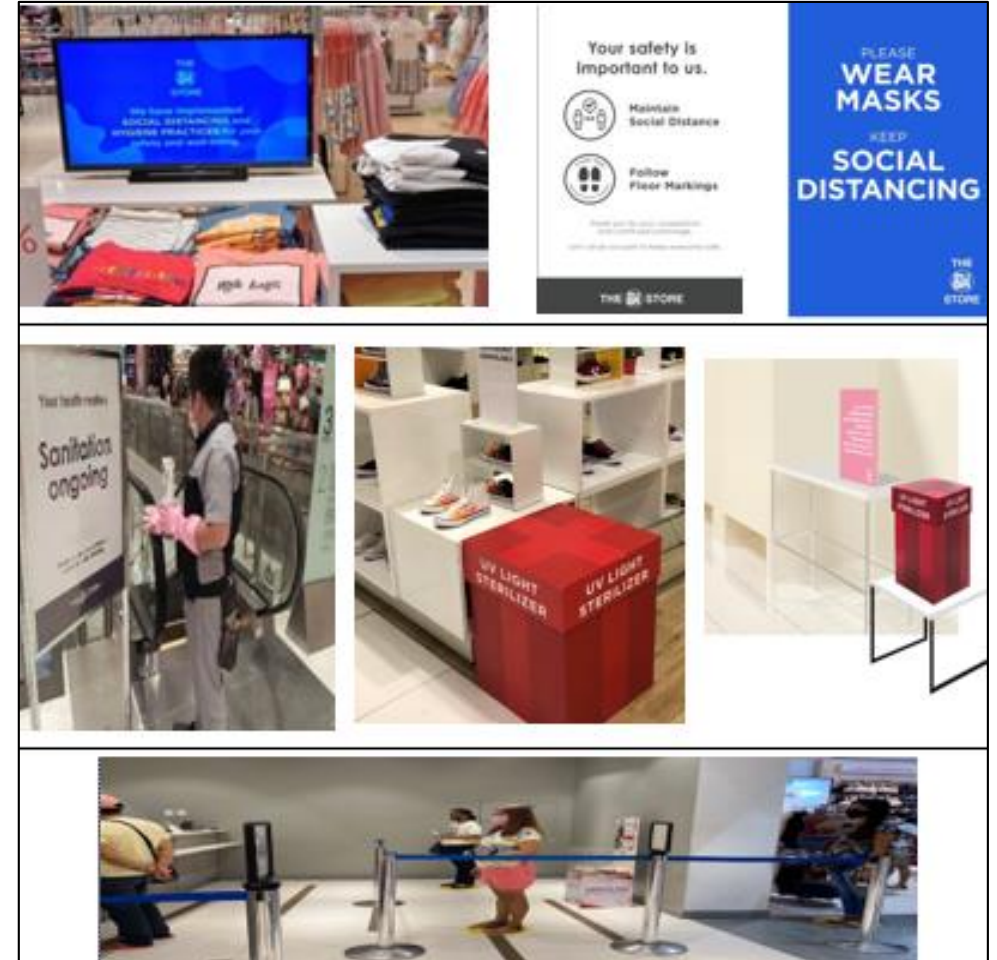
- Face mask is required for all customers.

SANITATION STANDARDS

- Thermal scanning
- Disinfecting mats placed in entrances
- Increased disinfection for “high traffic” areas
- UV light sanitation areas for tried-on and returned items (wears, shoes, and accessories)

COMMUNICATIONS

- Floor markings to achieve social distancing for customers. Regular reminders announced over in-store radio.



PLEASE
WEAR MASKS
KEEP
SOCIAL DISTANCING



Thank you & Be
Safe!

Key Messages

- 1H performance in line with overall expectations given Covid-19 and lockdown, with greater impact in Q2
- Consolidated earnings reflect prudent bank provisions
- Positive business growth in Food Retail, Residential and Commercial Property, and core Banking businesses
- Mall revenues impacted by waived and discounted rents
- Non-Food Retail impacted by store closures
- Safety is top priority for all businesses, which are actively adapting to meet new customer needs and behaviors
- Strong, conservative balance sheet maintained



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