



INVESTMENTS CORPORATION

May 21, 2020

PHILIPPINE STOCK EXCHANGE, INC.

6th Floor, PSE Tower
28th St. corner 5th Ave.
BGC, Taguig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.

29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Attention: **Atty. Marie Rose M. Magallen-Lirio**
Head, Issuer Compliance and Disclosure Department

Re: **Press Release - SM Net Income at PHP9.0 Billion in Q1**

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Ladies and Gentlemen:

Please be informed that SM Investments Corporation is releasing to the press the attached statement entitled "SM net income at PHP9.0 billion in Q1."

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Elmer B. Serrano', written over a horizontal line.

ELMER B. SERRANO
Corporate Secretary

Encl. a/



INVESTMENTS
CORPORATION

SM net income at PHP9.0 billion in Q1

(21 May 2020. Pasay City, Philippines) SM Investments Corporation (SM) reported that its first quarter net income stood at PHP9.0 billion, lower by 16% than the previous year, partially reflecting the impact of the enhanced community quarantine (ECQ) and effects of the COVID-19 pandemic on the company's results.

Consolidated revenues rose to PHP111.2 billion from PHP109.0 billion previously.

Banks contributed 46% of net income, while property and retail added 44% and 10% respectively.

"The ECQ and broader pandemic started to weigh on our performance during the first quarter. Our strong balance sheet, capabilities and partnerships provide us with the flexibility to anticipate and adapt to changes in customer needs and behaviors. We are actively enhancing digital and delivery services across all our core businesses, while also working to support and protect our employees, customers, MSMEs and business partners," SM President Frederic C. DyBuncio said.

During the crisis, SM implemented sanitation protocols in all of SM's essential businesses. It also supported the medical equipment and supplies needs of hospitals nationwide and worked with the government and other partners to provide much needed quarantine and testing facilities.

Retail

Retail operations under SM Retail Inc., which consist of both food (SM Markets, WalterMart and Alfamart) and non-food (THE SM STORE and Specialty Retail), posted revenues of PHP81.0 billion, up 3% from PHP79.0 billion in the previous year. Net income stood at PHP1.2 billion, down 56% from PHP2.7 billion the previous year.

Revenues from SM Retail's specialty retail stores stood at PHP16.5 billion, lower by 16% from PHP19.6 billion previously.

Property

SM Prime Holdings recorded a consolidated net income of PHP8.3 billion in the first quarter of 2020, down by 5% compared with PHP8.8 billion in the first quarter of 2019. Consolidated revenue amounted to PHP25.8 billion, 3% lower than PHP26.5 billion in the same period last year.

The mall business, which accounts for 47% of consolidated revenues, has temporarily closed operations since the implementation of ECQ, except for stores that offer essential products and services.

Philippine malls recorded revenues of PHP11.3 billion, 16% down from PHP13.5 billion in the same period last year. Mall rental income registered PHP10.1 billion, 12% lower than last year's PHP11.5 billion.

The residential group, led by SM Development Corporation (SMDC), which accounts for 44% of consolidated revenues, recorded a 23% increase in revenues to PHP11.4 billion from PHP9.3 billion in the same period last year. SMDC's reservation sales amounted to PHP24.8 billion.

SM Prime's other business segments reported consolidated revenues of PHP2.2 billion in the first three months of the year.

Banking

BDO Unibank posted PHP8.8 billion in net income in the first quarter from PHP9.8 billion previously. Core lending and deposit-taking businesses sustained their growth despite the ECQ. Net interest income amounted to PHP33.0 billion on stable margins. Customer loans went up by 11% to PHP2.2 trillion while total deposits rose by 9% to PHP2.6 trillion.

China Bank saw its net income increase by 19% to PHP2.2 billion in the first quarter, driven by sustained growth of its core businesses. Net interest income grew 34% to PHP7.9 billion. Gross loans grew 15% to PHP592 billion while deposits rose 9% to PHP785 billion.

Balance Sheet

As of end-March, total assets of SM stood at PHP1.2 trillion with a conservative gearing ratio of 37% net debt to 63% total equity.

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About SM Investments Corporation

SM Investments Corporation is a leading Philippine company that is invested in market leading businesses in retail, banking and property. It also invests in ventures that capture high growth opportunities in the emerging Philippine economy.

SM's retail operations are the country's largest and most diversified with its food, non-food and specialty retail stores. SM's property arm, SM Prime Holdings, Inc., is the largest integrated property developer in the Philippines with interests in malls, residences, offices, hotels and convention centers as well as tourism-related property developments. SM's interests in banking are in BDO Unibank, Inc., the country's largest bank and China Banking Corporation, the 6th largest bank in assets.

For more about SM, visit www.sminvestments.com

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