



# INVESTMENTS CORPORATION

November 4, 2020

**PHILIPPINE STOCK EXCHANGE, INC.**

6<sup>th</sup> Floor, PSE Tower  
28<sup>th</sup> St. corner 5<sup>th</sup> Ave.  
BGC, Taguig City

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

**PHILIPPINE DEALING & EXCHANGE CORP.**

29<sup>th</sup> 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 Q3 Revenues Improve, Nets PHP15 billion in  
Consolidated Earnings in Nine Months**

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Ladies and Gentlemen:

Please be informed that SM Investments Corporation is releasing to the press the attached statement entitled "SM Q3 revenues improve, nets PHP15 billion in consolidated earnings in nine months."

Thank you.

Very truly yours,

**ELMER B. SERRANO**  
Corporate Secretary

Encl. a/

## SM Q3 revenues improve, nets PHP15 billion in consolidated earnings in nine months

**(04 November 2020. Pasay City, Philippines)** SM Investments Corporation (SMIC) reported its consolidated net income at PHP15.2 billion in the January to September period, lower by 54% from PHP33.1 billion year-on-year.

Consolidated revenues for the nine-month period ended September stood at PHP286.7 billion, lower by 18% from PHP350.7 billion in the same period last year. However, in the third quarter, revenues improved by 36% to PHP101.1 billion from PHP74.4 billion in the second quarter.

“We are encouraged by marked improvements in our results quarter-on-quarter as we saw renewed consumer activity. We remain watchful of underlying demand as we continue to face headwinds in the economy in areas such as employment and remittances,” SMIC President Frederic C. DyBuncio said.

“In aid of reviving economic activity, SM has undertaken many programs for Micro Small and Medium Enterprises across the group such as through marketing campaign support and by waiving fees to help our MSMEs sustain their operations as well as credit support and improved cash access to our many banking clients across the country,” Mr. DyBuncio said.

Banking accounted for 50% of SM’s reported net earnings from core businesses, followed by property at 41% and retail at 9%.

### Retail

SM Retail reported nine-month revenues of PHP216.3 billion, lower by 15% compared to the same period last year. Retail net income decreased 73% at PHP2.2 billion from the previous period.

Notable is the performance of food retail. In the first nine months, food retail revenues grew 11% with Alfamart posting an increase of 27% in revenues. Alfamart is slated to open its 1,000<sup>th</sup> store on November 11. Despite the challenges brought about by the pandemic, Alfamart is on track to open over 250 stores in 2020.

Marked improvements were seen in sequential revenues in the third quarter for the department store business under SM STORE as well as for specialty stores.

Revenues of the SM STORE improved to PHP10.5 billion in the third quarter, up 109% from the second quarter. Specialty stores also showed improved revenues quarter-on-quarter to PHP14.2 billion in the third quarter, up 93% from the second quarter.

SM presented innovative solutions to its customers that blended the strength of the brick and mortar business with digital platforms. “Call to Deliver”, the SM STORE’s branded service, gives access to customers to order essentials by phone from select stores and have these delivered to their respective locations. The Call to Deliver service accounted for around 11% of SM STORE’s total sales in the last two quarters.

### **Property**

SM Prime Holdings, Inc. (SM Prime) consolidated net income decreased 48% to PHP14.4 billion in the first nine months. Consolidated revenues were lower by 29% to PHP60.7 billion year-on-year.

SM Prime’s Philippine mall business registered PHP18.3 billion in revenues, 57% lower from last year. Local malls’ rental income was at PHP16.8 billion, lower by 52% year-on-year.

SM Prime’s residential business led by SM Development Corp. reported a 7% increase in revenues to PHP34.2 billion in the first nine months.

### **Banking**

Net income of BDO Unibank was at PHP16.6 billion in the first nine months, lower by 48% from the same period last year due to the upfront provisions booked in the second quarter in anticipation of potential delinquencies due to the pandemic.

Net interest income rose 13% to PHP99.8 billion. Loans rose 6% to PHP2.2 trillion while total deposits grew to PHP2.6 trillion.

China Banking Corporation posted PHP8.2 billion in net income, 23% higher compared to the same period last year. Net interest income for the nine-month period jumped 35% to PHP25 billion. Loans and deposits rose 6% year-on-year to PHP595 billion and PHP827 billion respectively.

## **Balance Sheet**

Total assets of SMIC increased 2.1% to PHP1.2 trillion. Gearing ratio stood at 38% net debt to 62% equity.

Recently, SMIC listed PHP10 billion worth of fixed rate bonds with the Philippine Dealing and Exchange Corp. (PDEX) as part of a program to refinance its debts. This is part of its PHP30 billion debt program under a shelf registration of three years.

SMIC also enrolled PHP5.6 billion worth of fixed rate notes due 2022 with PDEX intended for Qualified Institutional Buyers.

## **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.

For more about SM, visit [www.sminvestments.com](http://www.sminvestments.com)

### **For further inquiries, please contact:**

#### **Paul Arcenas**

VP, Planning and Corporate Communications

SM Investments Corporation

E-mail: [paul.arcenas@sminvestments.com](mailto:paul.arcenas@sminvestments.com)

Tel. No. (632) 8857-0100