



INVESTMENTS CORPORATION

August 5, 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 Nets PHP7 Billion Earnings in First Half Due to Impact of COVID-19 Pandemic**

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Ladies and Gentlemen:

Please be informed that SM Investments Corporation is releasing to the press the attached statement entitled "SM nets PHP7 billion earnings in first half due to impact of COVID-19 pandemic."

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Elmer B. Serrano'.

ELMER B. SERRANO
Corporate Secretary

Encl. a/

SM nets PHP7 billion earnings in first half due to impact of COVID-19 pandemic

(05 August 2020, Pasay City, Philippines) SM Investments Corporation (SMIC) reported a consolidated net income of PHP7.1 billion in January to June of 2020 from PHP23.0 billion in the same period the previous year, lower by 69%.

Consolidated revenues decreased 21% to PHP185.5 billion in the first half from PHP233.7 billion in the same period last year.

The property and banking businesses accounted for 61% and 34% of net income while retail contributed 5%.

“Our half year financial results are within our overall expectations, given the context of the lockdown due to the COVID-19 outbreak which had a greater impact in the second quarter. The results also reflect the group’s continued financial prudence and conservative balance sheet after our banks made substantial provisions for potential customer delinquencies,” SMIC President and Chief Executive Officer Frederic C. DyBuncio said.

“Our food retail and residential property businesses have continued to perform well despite the pandemic as have the core businesses of our banks. The current environment has been most challenging for our non-food retail and mall operations which have adapted quickly to new customer needs and critical safety considerations. All our businesses will continue to prioritize health and safety as well as convenience for our customers and stakeholders,” Mr. DyBuncio said.

Retail

SM Retail reported revenues of PHP139.2 billion, lower by 18%. Retail net income was at PHP522 million from PHP5.7 billion the previous period.

Notable is the growth in food retail, particularly in store locations that are closer to residential communities and provide a sustained supply of essentials. In the first half, food retail revenues grew 15% with Alfamart posting an increase of 32% in revenues in the same period.

Property

SM Prime Holdings, Inc. posted a consolidated net income of PHP10.4 billion, down by 46% from PHP19.3 billion in the same period last year. Consolidated revenues amounted to PHP43.7 billion, 23% lower from PHP57.0 billion.

Philippine malls' rent income dropped 44% to PHP13.1 billion from last year's PHP23.3 billion on the back of lower mall revenues.

SM Prime's residential business, led by SM Development Corp. (SMDC), recorded PHP23.7 billion in revenues, 11% higher from PHP21.4 billion in the same period last year. This accounted for 54% of the consolidated revenues.

SM Prime's commercial properties revenues have grown 16% to PHP2.5 billion in the first half of 2020. The hotels and convention centers business contributed PHP1 billion to consolidated revenues despite limited operations.

Banking

BDO Unibank, Inc. (BDO) recorded PHP4.3 billion in profits in the first half versus PHP20.1 billion in the comparable period last year as the bank booked total provisions of PHP22.4 billion in anticipation of potential delinquencies due to the COVID-19 pandemic.

Net interest income went up by 17%. Customer loans rose 11% to PHP2.3 trillion while total deposits went up by 9% to PHP2.6 trillion.

China Banking Corporation (China Bank) posted PHP5.2 billion in net income in the first half of 2020, up 24% year-on-year. The growth was achieved even as the bank ramped up provisions more than fourteen times to PHP4.8 billion in anticipation of the impact of COVID-19 and ongoing quarantine measures on asset quality.

Net interest income grew 39% to PHP16.2 billion on the back of higher volume of earning assets and lower funding costs as market interest rates declined. Loan portfolio expanded 11% to PHP593 billion. Total deposits grew 3% to PHP773 billion.

Balance Sheet

As of end-June 2020, total assets of SMIC grew to PHP1.2 trillion. Net debt to equity ratio stood at 39% net debt to 61% total equity.

SMIC recently submitted a registration statement for PHP30 billion in bonds under a shelf registration of three years.

SMIC also enrolled PHP5.6 billion worth of fixed rate notes due 2022 with the Philippine Dealing and Exchange Corporation intended for Qualified Institutional Buyers. This is SM's maiden enrollment of such notes on the PDEX.

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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.

For more about SM, visit www.sminvestments.com

For further inquiries, please contact:

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