



**INVESTMENTS  
CORPORATION**

November 8, 2017

**PHILIPPINE STOCK EXCHANGE, INC.**  
Tower One, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

Attention: **Mr. Jose Valeriano B. Zuño III**  
*OIC - Head, Disclosure Department*

**PHILIPPINE DEALING & EXCHANGE CORP.**  
37<sup>th</sup> Floor, Tower 1, The Enterprise Center  
6766 Ayala Ave., cor. Paseo de Roxas, Makati City

Attention: **Ms. Vina Vanessa S. Salonga**  
*Head, Issuer Compliance and Disclosure Department (ICDD)*

Re: **Press Release - SM Consolidated Net Income Rises  
8% in First Nine Months**

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Ladies and Gentlemen:

Please be informed that SM Investments Corporation will be releasing to the press the attachment entitled "SM Consolidated Net Income Rises 8% in First Nine Months."

Very truly yours,

A handwritten signature in black ink, appearing to read 'Elmer B. Serrano', written over a light blue background.

**ELMER B. SERRANO**  
Corporate Secretary

Encl. a/s



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## PRESS RELEASE

### **SM Consolidated Net Income Rises 8% in first nine months**

(08 November 2017. Pasay City, Philippines) SM Investments Corporation (SM) reported consolidated net income rose 8% to PHP23.8 billion for the first nine months of the year. Recurring net income, net of one-time items, climbed 13%. Consolidated revenues likewise grew 8% to PHP272.2 billion for the period from PHP252.7 billion in the same period last year.

“Our solid third quarter results benefitted from vibrant growth in our property and retail businesses. Property earnings were driven by nationwide mall expansion and the strong performance of residential developments. Retail also gained from footprint expansion and robust consumer sentiment, particularly in specialty retailing. We remain confident that our growth plans are on track,” SM President Frederic DyBuncio said.

For the first nine months, property accounted for 40% of consolidated earnings, banks at 38% and retail 22%.

#### **Retail**

Retail operations under SM Retail Inc. reported growth in total sales of 6% to PHP197.9 billion while net income rose 10% to PHP7.7 billion. Revenues from Specialty Retail grew 9%.

THE SM STORE opened two stores in Cagayan de Oro and in Puerto Princesa during the nine-month period. Total gross selling areas of all 59 department stores stood at over 750,000 square meters.

The Food Retail Group continued its aggressive expansion adding 21 mid-sized format Savemore stores, three SM Supermarkets and two WalterMart stores for a total of 26 new stores year to date. Most of these new stores were located in communities outside Metro Manila. Meanwhile, Alfamart increased its number of stores to 320 as of end-September from 210 at the start of the year.

Specialty Retail added 68 new stores during the nine-month period.

#### **Property**

SM Prime Holdings, Inc. (SM Prime) reported net income expanded by 15% in the first nine months of the year to PHP20.0 billion driven by additional rental revenues from mall expansions, consistent growth in same-mall-sales and higher contribution from residential sales. Consolidated revenues likewise rose 12% to PHP64.7 billion.

Mall revenues rose 10% to PHP38.6 billion. Mall rentals increased 10% to PHP32.8 billion due to expansions and new malls that opened in 2016 and 2017 while same-mall-sales sustained its 7% growth.

Consolidated revenues of SM Prime's residential group, which includes SM Development Corp. (SMDC), expanded by 10% to PHP20.5 billion due to increase in sales take-up of ready-for-occupancy (RFO) units and construction accomplishments of SMDC. Reservation sales surged 18% to PHP42.1 billion in sales value in the first nine months.

The rest of SM Prime's businesses which includes offices, hotels and convention centers registered revenue growth of 39% to PHP5.8 billion.

### **Banking**

BDO Unibank earned PHP20.4 billion, up 5%, on sustained growth in its core lending, deposit-taking and fee-based businesses. Net interest income grew by 23% to PHP59.8 billion, supported by 18% growth in customer loan portfolio to PHP1.7 trillion and 15% growth in deposits to PHP2.1 trillion. Fee-based income was up 30% to PHP20.8 billion.

### **Balance Sheet**

As of end-September 2017, total assets of SM grew 16% year-on-year to PHP942.4 billion. SM maintains a healthy balance sheet with a conservative gearing ratio of 43% net debt to 57% 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 can capture high growth opportunities in the emerging Philippine economy. It looks for market leaders or those with potential to become leaders in their chosen sectors that offer synergies and attractive returns and cashflows.

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. (BDO), the country's largest bank and China Banking Corporation (China Bank), the 7th largest bank.

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

For further inquiries, please contact:

**Mr. Tim Daniels**

**Investor Relations**

SM Investments Corporation

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