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SEC Registration Number

S M I N V E S T M E N T S C O R P O R A T I O N A N D S U  
B S I D I A R I E S

(Company's Full Name)

1 0 t h F l o o r , O n e E - C o m C e n t e r , H a r  
b o r D r i v e , M a l l o f A s i a C o m p l e x ,  
C B P - I A , P a s a y C i t y 1 3 0 0

(Business Address: No. Street City/Town/Province)

Ma. Ruby LI. Cano

(Contact Person)

857-0131

(Company Telephone Number)

1 1 0 7

Month Day  
(Fiscal Year)

1 7 - C

(Form Type)

0 4 3 0

Month Day  
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section  
Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

\_\_\_\_\_  
LCU

Document ID

\_\_\_\_\_  
Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SEC Number 16342  
PSE Disclosure Security Code \_\_\_\_\_

**SM INVESTMENTS CORPORATION**

\_\_\_\_\_  
(Company's Full Name)

**10<sup>th</sup> Floor, One E-Com Center, Harbor Drive,  
Mall of Asia Complex, CBP-IA, Pasay City 1300**

\_\_\_\_\_  
(Company's Address)

**857-0100**

\_\_\_\_\_  
(Telephone Number)

**December 31**

\_\_\_\_\_  
(Year Ending)  
(month & day)

**SEC Form 17-C  
PRESS RELEASE**

\_\_\_\_\_  
Form Type

\_\_\_\_\_  
Amendment Designation (If applicable)

\_\_\_\_\_  
Period Ended Date

\_\_\_\_\_  
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE (SRC)  
AND SRC RULE 17(a)-1(b)(3) THEREUNDER

1. **November 7, 2013**  
Date of Report
2. SEC Identification Number **0000016342**
3. BIR Tax Identification No. **000-169-020-000**
4. **SM INVESTMENTS CORPORATION**  
Exact name of registrant as specified in its charter
5. **PHILIPPINES**  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. **10<sup>th</sup> Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-IA, Pasay City 1300**  
Address of principal office Postal Code
8. **(632) 857-0131**  
Registrant's telephone number, including area code
9. \_\_\_\_\_  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>COMMON STOCK, P10 PAR VALUE</b>	<b>796,231,242</b>
.....	.....
.....	.....

11. Indicate the item numbers reported herein: **ITEM #9, LETTER B.**



INVESTMENTS  
CORPORATION

PRESS RELEASE

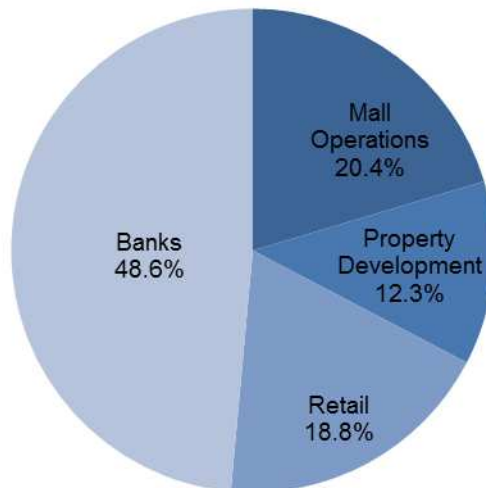
**SM Investments 9-month Net Income Up 14% to Php18.5 billion**

Financial Highlights	Change	Nine Months Ended September 30	
		2013 (in Php bn)	2012 (in Php bn)
Revenue	15%	183.09	158.67
Net Income	14%	18.46	16.16
Basic earnings per share (pesos)	12%	23.44	20.93

(7 November 2013. Pasay City, Philippines) SM Investments Corporation (SM) reported that net income for the first nine months of 2013 grew 14% to Php18.5 billion from Php16.2 billion for the same period last year. Earnings growth was driven largely by the strong performance of SM's banking and mall businesses. Revenue increased 15% to Php183.1 billion in the first nine months from Php158.7 billion in the previous year. EBITDA rose also by 15% to Php43.4 billion, for an EBITDA margin of 23.7%. SM's Earnings per Share (EPS) stood at Php23.44, up 12% year-on-year.

SM President Harley T. Sy said, "With these nine-month results, we are on course to meeting our full-year target. We are confident of ending the year on a high note, with our retail and mall businesses benefitting from increased consumer spending during the Christmas season. We remain highly positive on the country's economic fundamentals and will push ahead with plans to expand our core businesses, especially now that we have obtained the SEC's approval for us to merge our property businesses under SM Prime Holdings, Inc."

### Net Income Profile



Of SM's consolidated net income, banks accounted for the largest share, with a contribution of 48.6%. Retail contributed 18.8%, while the property group contributed 32.7%, of which 20.4% came from mall operations and 12.3% came from property development, mainly residential.

### Banking

BDO Unibank, Inc. (BDO) sustained its solid performance through the first nine months of 2013, as net income grew by 73% to Php18.2 billion from Php10.5 billion in the same period last year, in an environment marked by high system liquidity and volatility in the capital markets.

Gross customer loans increased by 17% to Php846.4 billion on broad-based expansion across key markets. Meanwhile, total deposits accelerated by 40% to Php1.2 trillion, led by steady growth in low-cost deposits as well as the inflow of maturing Special Deposit Accounts (SDA) funds from the Bangko Sentral ng Pilipinas (BSP). The growth in loans and deposits contributed to a 16% hike in net interest income to Php31.0 billion. Further, non-interest income stepped up by 36% to Php25.8 billion on the double digit expansion in both fee based income and trading and foreign exchange gains. The growth in operating expense, meanwhile, remained steady at 8%.

China Banking Corporation (China Bank) on the other hand announced on September 18, 2013 that it signed a memorandum of agreement with Plantersbank. The agreement allows China Bank to buy more than two thirds of Plantersbank's shares, subject to the approval of the bank's shareholders and regulators. The deal would combine the resources of the country's leading bank for small and medium enterprises (SMEs) with those a 93-year old universal bank with the longest history of supporting entrepreneurs in the country and a solid track record of financial strength and stability.

The Plantersbank deal bolsters China Bank's current strategy in two areas – growing its middle market/SME portfolio and branch network expansion. China Bank is in the midst of the most rapid expansion in its history. From 148 branches in 2006 at the start of its expansion program, it has a total network of 333 branches to date, complemented by 544 ATMs nationwide. The group will have a combined network of at least 411 branches.

Plantersbank is the country's largest private development bank and leading bank for SMEs, with total assets of over Php52.7 billion as of May 2013, a total loan portfolio of Php33 billion, deposits of Php43.6 billion, and a nationwide network of 78 branches. Its commitment to the development of SME finance in the country has been a cornerstone of its mission, spanning a history of over forty years.

## **Retail Operations**

For the first nine months of 2013, SM Retail reported a net income of Php4.0 billion. Sales, meanwhile rose 13% to Php125 billion. SM Retail's net margin stood at 3.2%.

At the end of the period, SM Retail had a total of 233 stores, consisting of 47 SM Department stores, and 186 food stores, consisting of 38 SM Supermarkets, 38 SM Hypermarkets, 89 SaveMore stores, and 21 Walter Mart supermarkets.

SM department stores were rebranded this year to "The SM Store," signifying the business's commitment to being the fashion store for all amid rapidly changing fashion trends, highly competitive local and global labels and increased purchasing power. In line with its rebranding, the business continues to roll-out new store designs and lay-outs to accommodate more brands and deliver an enhanced shopping experience.

The business has also embarked on imaging campaigns aimed at boosting brand equity with a rising generation of higher-spending, fashion-conscious Filipinos through celebrity endorsers, both local and international. Global fashion icons have included Sarah Jessica Parker, who visited Manila in May, and more recently, top British model David Gandy, who was a main highlight during Philippine Fashion Week. Local celebrities have included Anne Curtis, KC Concepcion, Sam Milby and Luis Manzano.

SM Retail's Food Group opened a total of 14 new stores, consisting of one SM Supermarket, one SM Hypermarket, one Walter Mart store, and 11 SaveMore stores. In the fourth quarter, the Food Group plans to open eight more stores, consisting of one SM Supermarket, four SaveMore stores, two SM HyperMarkets, and one Walter Mart store.

Along with the expansion of its store network, the Food Group continued the refurbishment and renovation of its stores, introducing lay-outs designed for customers to find products even more easily.

The Food Group also continued to widen the range of consumer choices by continually updating its product assortment.

The first nine months also saw increased collaboration between the Food Group's SaveMore format and sister-company China Bank Savings, with the bank locating mini-branches offering a full range of services at SaveMore stores. China Bank Savings currently has eight mini branches located at SaveMore stores, and plans to put up three more in the fourth quarter.

## **Mall Operations**

SM Prime Holdings, Inc. (SM Prime) reported that its net income grew 14% to Php8.43 billion from Php7.40 billion in the same period last year. Gross revenues in the first nine months expanded 12% to Php24.77 billion from Php22.10 billion in the same period last year. EBITDA rose 23% to Php16.56 billion, for an EBITDA margin of 67%.

Rental revenues, which accounted for 85% of total revenues, rose 12% to Php20.94 billion due to rentals from new SM Supermalls opened in 2012 and 2013, namely SM City Olongapo, SM City Consolacion, SM City San Fernando, SM City General Santos, SM Lanang Premier and SM Aura Premier, with a total gross floor area of 698,000 square meters. Excluding the new malls and expansions, same-store rental growth is at 7%.

In terms of gross revenues, the five malls in China contributed Php2.17 billion in 2013, or 9% of total consolidated revenues. Likewise, in terms of rental revenues, the China operations contributed 11% to SM Prime's consolidated rental revenues. Gross revenues of the five malls in China increased 14% in 2013 largely due to improved mall productivity and lease renewals for the first three malls opened, namely SM Xiamen, SM Jinjiang and SM Chengdu. Average occupancy rate for the first three malls is at 93%.

SM Prime has 47 Supermalls strategically located in the Philippines with a total gross floor area of about 6.0 million square meters (sqm). In China, SM Prime has five Supermalls located in the cities of Xiamen, Jinjiang, Chengdu, Suzhou and Chongqing with a total gross floor area of around 0.8 million sqm.

For the rest of 2013, SM Prime is scheduled to launch SM City BF in Paranaque. SM Megamall will also be expanded with the opening of Building D. Both projects will be opened to the public in November and December 2013, respectively. By yearend, SM Prime will have 48 malls in the Philippines and five in China with an estimated combined gross floor area of 7.0 million sqm.

On October 10, the Securities and Exchange Commission (SEC) approved SM Prime's merger with SM Land, Inc. (SM Land), a privately-held real-estate subsidiary of SM Investments, with SM Prime as the surviving entity. The SEC also approved an increase in SM Prime's authorized capital stock to Php40.0 billion from Php20.0 billion as well as the issuance of SM Prime common shares in connection with the following transactions:

- (a) the merger of SM Prime and SM Land, with SM Prime (share for share swap);
- (b) the acquisition by SM Prime of various real estate companies of SM Investments (share for share swap)
- (c) the acquisition by SM Prime of various real estate properties of SM Investments (property for share swap).

Plans for the consolidation SM Investments' property-related businesses under SM Prime were first announced on May 31 of this year involving a series of steps which included tender offers leading to the delisting of SM Development Corporation and Highlands Prime, Inc.; the merger of SM Land with SM Prime through a share-for-share swap; and the acquisition by SM Prime of certain real estate companies and assets held by SM Investments in exchange for new shares in SM Prime.

The consolidation is expected to result in significant synergies and accelerated growth in the medium term as the enlarged SM Prime embarks on larger scale, mixed-use developments with its various business units working in concert. SM Prime is now among the largest integrated property developers in the ASEAN region, with offerings across such diverse sectors as malls, office, residential, hotels, and leisure development.

### **Property Development**

SM Development Corporation (SMDC) reported that for the first nine months of 2013, consolidated net income amounted to Php3.27 billion, flat from the same period last year. Revenues from real estate sales stood at at Php15.2 billion, 5.7% lower than the Php16.1 billion in revenues registered for the same period last year, reflecting both the timing of new project and expansion launches this year, as well as a high base effect, with comparable revenues last year including the sales of two "blockbuster" projects, namely Shell Residences and Green Residences.

Value engineering and improved control and monitoring of operating expenses resulted in an improved net margin of 22% compared to 20% during the same period last year.

EBITDA amounted to Php3.9 billion, up 14% for an EBITDA margin of 26%. Return on Equity was at 10.3%. SMDC's asset base expanded 33.3% year-on-year to Php94.1 billion. SMDC's net debt to equity ratio remains conservative at a ratio of only 31% net debt to 69% equity.

As of end-September 2013, SMDC has launched expansion towers at Grass Residences in Quezon City, Wind Residences in Tagaytay, and Grace Residences in Taguig City, adding a total of 3,717 units of new inventory. New project launches set for the fourth quarter are Trees Residences in Quezon City; and Shore Residences at the Mall of Asia Complex. Also to be launched in the final quarter of 2013 is an expansion tower at Field Residences in Paranaque.

SMDC currently has 14 ongoing residential condominium projects all over Metro Manila, with the exception of Wind Residences in Tagaytay.

**SM Balance Sheet**

The total assets of SM increased 13% year-on-year to Php597.1 billion. As of end-September 2013, SM maintains a very healthy balance sheet with a gearing ratio of only 33% net debt to 67% equity.

In July of this year, SM, through its appointed depositary, The Bank of New York Mellon, launched its American Depositary Receipt (ADR) Level 1 program. Under the program, ADR securities issued in the US representing SM common shares can be traded over-the-counter with one SM ADR representing 0.5 common shares of SM. This facility allows US investors to trade SM common shares in their own time zone and to settle transactions locally, potentially broadening SM's shareholder base and enhancing SM's international visibility.

-- End --

For further information, please contact:

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Senior Vice President for Investor Relations  
SM Investments Corporation  
E-mail: cora.guidote@sminvestments.com  
Tel. No. 857-0117

**SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**SM INVESTMENTS CORPORATION**

Registrant



\_\_\_\_\_  
**Jose T. Sio**  
**Executive Vice President**  
**and Chief Financial Officer**

Date: 07-Nov-13