



**INVESTMENTS  
CORPORATION**

May 8, 2019

**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.**

37<sup>th</sup> Floor, Tower 1, The Enterprise Center  
6766 Ayala Ave., cor. Paseo de Roxas, Makati City

Attention: **Atty. Joseph B. Evangelista**  
*Head, Issuer Compliance and Disclosure Department*

Re: **Press Release - SM Net Income Up 26% 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 up 26% in Q1."

Thank you.

Very truly yours,

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

**ELMER B. SERRANO**  
Corporate Secretary

Encl. a/s



## SM net income up 26% in Q1

(08 May 2019. Pasay City, Philippines) SM Investments Corporation (SM) posted net income growth of 26% to PHP10.7 billion in the first quarter of 2019 from PHP8.5 billion in the same period the previous year.

Consolidated revenues rose 15% to PHP109.0 billion from PHP95.0 billion in the same quarter in 2018.

"We continued to deliver double digit growth to both our top and bottom line in the first quarter. Performance was strong across our businesses, particularly for our banks," SM President Frederic C. DyBuncio said.

For the first quarter, banks accounted for 42% of SM's consolidated net income, followed by property at 40% and retail at 18%.

### 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), reported growth in revenues of 13% to PHP79.0 billion in the first quarter, while net income rose 5% to PHP2.7 billion.

Revenues from SM Retail's specialty retail stores grew 13% to PHP19.6 billion.

At end-March, SM Retail had a total of 2,385 stores comprising 63 THE SM STOREs, 1,388 specialty retail stores, 57 SM Supermarkets, 53 SM Hypermarkets, 194 Savemore, 52 WalterMart and 578 Alfamart stores.

### Property

SM Prime Holdings, Inc. (SM Prime) reported overall net income growth of 16% in the first quarter to PHP8.8 billion. Consolidated revenues rose 14% to PHP26.5 billion in the first quarter.

The mall business, which accounted for 56% of consolidated revenues, grew 8% to PHP15.0 billion. New malls that were opened in 2017 and 2018 helped deliver the company's mall rental revenues to PHP12.9 billion, up 8% from last year. Same-mall-sales grew 7%.

Revenues of the residential group, led by SM Development Corporation (SMDC), increased 23% to PHP9.2 billion in the period and accounted for 35% of total revenues. The growth was largely due to higher construction accomplishments of projects launched in 2015 to 2017 and recognition of recently launched projects. SMDC's reservation sales rose 20% to PHP17.8 billion in the first quarter.

SM Prime's other businesses, which include commercial properties as well as hotels and convention centers, posted revenue growth of 14% to PHP2.3 billion. This segment accounted for 9% of overall consolidated revenues.

## **Banking**

Banks posted strong results amidst better net interest margins and normalization of trading gains.

For the first quarter of 2019, BDO Unibank sustained its strong momentum as it posted a net income of PHP9.8 billion, surging 66% due to the continued expansion of its core banking operations, recovery of trading gains to normal levels and strong results from bank fees and life insurance premiums. Net interest income grew 25% to PHP27.7 billion on the continued growth in customer loans and CASA expansion.

China Bank reported that its consolidated net income for the first quarter reached PHP1.9 billion, 24% higher than the same period last year, driven by the continued robust growth of its core businesses. Its net interest income for the first quarter grew 12% to PHP5.9 billion, boosted by the 41% jump in interest revenues from loans.

## **Balance Sheet**

As of end-March, total assets of SM grew 12% to PHP1.1 trillion. SM maintains a healthy balance sheet with a conservative gearing ratio of 44% net debt to 56% 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](http://www.sminvestments.com)

### **Paul Arcenas**

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SM Investments Corporation

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