

0 0 0 0 0 1 6 3 4 2

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 Ll. Cano

(Contact Person)

857-0131

(Company Telephone Number)

1 1 1 6

Month Day  
(Fiscal Year)

1 7 - C

(Form Type)

Month Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Total No. of Stockholders

Amended Articles Number/Section

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

Document ID

LCU

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 16, 2009**  
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>611,023,038</b>
.....	
.....	

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



## **Press Release**

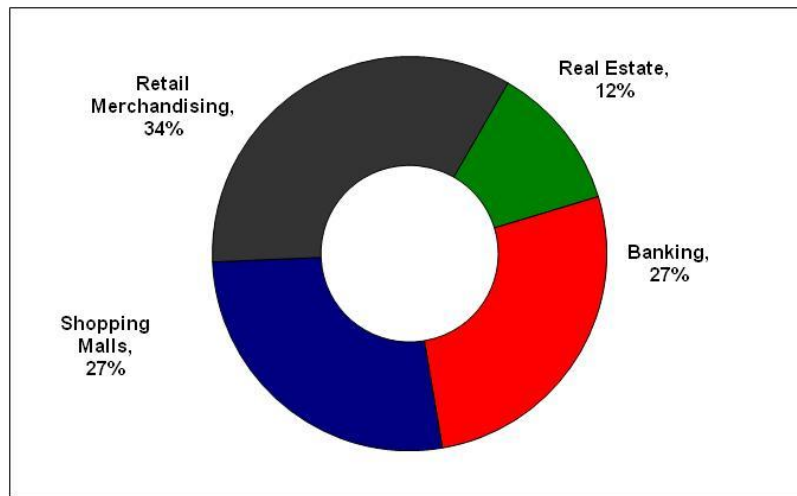
### **SM Net Income Increases by 14% to Php10.8 Billion**

(16 November 2009. Pasay City, Philippines.) Philippine conglomerate SM Investments Corporation (SM) posted a 14% growth in net income of Php10.8 billion for the first nine months of 2009, well within market expectations. Growth drivers continue to be the retail and property groups. Meanwhile, SM's consolidated revenues increased by 14% to Php110.9 billion as compared to Php97.3 billion in 2008. EBITDA for the period reached Php23.5 billion, for an EBITDA margin of 21%.

SM President Mr. Harley T. Sy said, "SM's nine-month results in 2009 affirm our growth track over the medium term, as it is achieved amidst a challenging global business climate. SM is poised to enter a new growth cycle led by our retail and property businesses. SM's core businesses, namely malls, retail, banking, and property, mirror the strengths of the Philippine economy amidst the global financial crisis."

In terms of the company's net income profile, retail contributed the most with 34%, followed by shopping malls and banking, both contributing 27%. The real estate group is fast catching up with a 12% contribution this year compared with only 5% during the same period last year. We expect the property group to increase its contribution further as it continues to register high double-digit growth from its residential condominium business.

## SM's Net Income Profile, January to September 2009



### RETAIL MERCHANDISING

Retail merchandising reported a net income of Php3.1 billion, up 37% from Php2.2 billion for the first nine months of 2009. This translates to an average net margin of 3.6%, up from 2.8% the previous year. Total sales for the group grew 7% to Php84.6 billion, while EBITDA amounted to Php5.1 billion for an EBITDA margin of 6%.

Of total retail sales, the non-food group, which is composed of SM Department Stores, contributed 41.6%, while the food group, composed of SM Supermarkets, SM SaveMore stores, SM Hypermarkets, and Makro outlets, put in 58.4%. In terms of net income, the non-food group contributed 22.8% of the total, while the food group brought in 77.2%.

The robust performance of SM Retail is due largely to cost and operational efficiency improvements, and its continued expansion, particularly of smaller supermarket format SaveMore, which opened eight stores since January this year.

A total of 16 stores were opened by SM Retail this year, bringing its number of stores to 111 to date. These consist of 35 department stores; 26 supermarkets; 20 SaveMore branches; 18 hypermarkets; and 12 Makro outlets.

For the rest of 2009, the SM retail group is scheduled to inaugurate one department store, supermarket, and hypermarket each; and five additional SaveMore branches.

## **MALL OPERATIONS**

SM Prime Holdings, Inc. (SM Prime), the Philippines' largest shopping mall developer and operator, realized a consolidated net income of Php5.1 billion in January to September 2009, for an 8% growth compared to the same period last year. Revenues, on the other hand, grew by 14% to Php14.6 billion during the first nine months of the year, while EBITDA increased 13% to Php10.0 billion, for an EBITDA margin of 69%.

These results include the operations of the three SM malls in China. The SM China malls are located in the cities of Xiamen and Jinjiang in Southern China, and Chengdu in Central China. SM's China malls currently contribute 5% to total revenues and 2% to net income.

For the period, rental fees, which grew 15% to Php12.7 billion, accounted for the largest share of SM Prime's consolidated revenues. The increase came from both same store rental growth of 5% and from additional floor space at SM Cities in Naga, Rosales, Fairview, and North EDSA. Combined, the new mall and the expansion projects added approximately 141,000 square meters (sqm) to SM Prime's total gross floor area (GFA).

In October 2009, SM Prime inaugurated SM Center Las Piñas. Also to be unveiled in the fourth quarter this year is SM City Rosario in Cavite so that by end 2009, SM Prime will have 36 malls nationwide with a GFA of 4.5 million sqm.

## **BANKING AND FINANCIAL SERVICES**

### **Banco De Oro Unibank, Inc. (BDO)**

Building on earlier gains and leveraging on its various competitive advantages, BDO's loans, deposits, net interest income and fee-based income sustained their growth. Income from trading activities also increased given a more stable financial environment.

BDO's net income for the period grew 159% amounting to Php4.0 billion. The bank's net interest income, on the other hand, increased 31% to Php22.3 billion from the 21% growth in interest income worth Php36.3 billion and the slower growth of 7% in interest expense worth Php14.1 billion.

Gross customer loans expanded 16% year-on-year to Php424.5 billion with continued broad-based demand from all market segments. Deposits, likewise, rose 12% year-on-year, to Php643.8 billion with additional branch redeployments and steady growth in low-cost deposits.

The bank's total assets increased by 8% to Php807 billion during the nine-month period. BDO's NPA ratio for same period was 5.2% and its NPL ratio was 3.4%. Its total capital increased 14% to Php65.8 billion, for a total capital adequacy ratio (CAR) of 12.8%

BDO is maintaining a positive outlook for the rest of the year and next, and is optimistic about meeting its full-year profit target of Php5.5 billion.

### **China Banking Corporation (CHIB)**

China Bank reported a January to September 2009 net income of Php3.2 billion, 40.7% higher than the Php2.3 billion income recorded for the same period last year. This translates to a 15.5% return on equity and a 2.0% return on assets, among the highest in the industry.

China Bank's robust growth was driven by a 22.8% increase in revenues to Php13 billion. Net interest revenues before loan loss provisions jumped 29.5%, driven by stronger lending and improved margins arising from continued growth in low-cost deposits. Non-interest revenues rose 68.4%, boosted by higher trading and forex gains and revenues from disposal of acquired assets.

Even as it continued to pursue the largest branch expansion program in its 89-year history, coupled with investments in more ATMs and new technology platforms, the bank's cost-to-income ratio improved to 55.8% from 58.7% for the same period last year, making it one of the most cost-efficient banks in the country.

Total assets increased by 11.3%, year-on-year, to Php214.4 billion. To further strengthen its balance sheet, provisions for probable credit losses were more than doubled from Php200 million to Php493 million, bringing China Bank's loan loss coverage ratio to 112.2% from 82.6% last year.

The bank continues to leverage the growth of its distribution network. Total deposits reached Php174 billion, with the ratio of CASA to total peso deposits further improving to 42%. Average loans were up 12% from the same period last year due to higher loans volume to corporate and consumer sectors. January to September gross customer loans amounted to Php96.2 billion, for a growth of 3.1%.

Its financial position remains solid with total capital funds of P29.3 billion, translating to a total CAR of 13.4%. The bank's NPA and NPL ratios for the nine-month period were 4.7% and 4.9%, respectively.

China Bank continues to move forward with its aggressive branch expansion plan and is on track in hitting its target of 300 branches by 2011.

## **PROPERTY DEVELOPMENT**

Revenues from real estate operations for the first nine months of 2009 increased 33% to Php6.3 billion, while net income grew 42% to Php1.7 billion.

Contributions largely came from SM's residential arm, SM Development Corporation, followed by the leasing activities of the commercial properties group, and the resort projects of Costa del Hamilo (Hamilo), SM's tourism vehicle, which is developing the Pico de Loro Cove project in Nasugbu, Batangas.

As of end September this year, the completion rate of Hamilo's two condominium projects under construction in Pico de Loro were 91% for Jacana and 57% for Myna. Meanwhile, two additional condominium projects were started, namely the Miranda and the Carola. Jacana's units have been 92% pre-sold; while pre-sales in Myna is 90%. Those of Miranda and Carola are 43% and 16% pre-sold, respectively. The beach club is now fully operational, with the country club expected to be completed by end of this year.

### **SM Development Corporation (SMDC)**

SMDC posted an 83% increase in its net income from real estate operations worth Php1.1 billion for the first nine months of 2009, from Php607 million in the same period last year. Realized revenues from real estate sales during the period increased 30% to Php3.7 billion from Php2.9 billion last year. This resulted in an expanded consolidated net income margin of 37%. For the same period, SMDC doubled its number of sales reservations for residential units.

Meanwhile, the company's consolidated net income for the period surged 5,900% to Php1.4 billion from just Php23 million in 2008, bolstered by the strong market reception of its residential units and higher completion rates of various projects. The marked recovery in the financial markets also benefited the company. SMDC's consolidated revenues, on the other hand,

amounted to Php4.1 billion during the period, up by a robust 78% from a year ago level. EBITDA topped Php1.6 billion, for an EBITDA margin of 42%.

Currently, SMDC has seven on-going projects. Chateau Elysee, a six-cluster mid-rise condominium project in Parañaque City, is now in its fifth cluster, which is 88% complete. Berkeley Residences in Katipunan Road, across Miriam College, is 50% complete, and Grass Residences beside SM City North EDSA is 47% complete with its Tower 1. Newer projects such as the Sea Residences near the Mall of Asia Complex in Pasay City is 17% complete for its phase one and Field Residences in Sucat, Parañaque City is 75% complete, also for its phase one. Meanwhile, both Lindenwood Residences, which is a residential subdivision in Muntinlupa City, and Mezza Residences, across SM City Sta. Mesa are almost 100% completed.

Other projects scheduled for launching this year are Princeton Residences, beside Gilmore LRT-2 Station along Aurora Boulevard in Quezon City; Sun Residences, beside Welcome Rotonda in Quezon City; Jazz Residences along Jupiter Street in Makati City; Light Residences in Mandaluyong City; and Wind Residences in Tagaytay City.

- End -

For further information, please contact:

Ms. Corazon P. Guidote  
Vice President for Investor Relations  
SM Investments Corporation  
Email : [cppg@sminvestments.com](mailto:cppg@sminvestments.com)  
Tel. 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: 16-November-09