

## Our President's Report



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Overall, we continued to meet the diverse needs of our many customers. In banking, we championed customer-centricity and financial inclusion across all market segments. In our malls, we continued to expand our footprint, introducing inclusive spaces and new concepts, while providing mallgoers with unforgettable mall experiences. Our retail businesses offer a broad spectrum of lifestyle choices, ensuring accessibility and relevance to consumers of all economic classes.

## To Our Stakeholders,

I am pleased to report that 2024 was a landmark year for the SM Group, supported by the Philippines' solid economic foundation and resilient consumer spending. Our consolidated revenues increased by 6%, and earnings grew by 7%. Our growth aligns with our commitment to delivering sustained value for all our stakeholders.

The Philippine Gross Domestic Product grew by 5.7% in 2024, with consumer spending as a key driver. This was underpinned by a low unemployment rate of 3.8%, a steady rise in overseas Filipino worker remittances by 3.0%, and a stable inflation rate that averaged 3.2% for the year. These indicators signal continued economic growth and consumer spending confidence.

### Driving Growth with Purpose

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This growth was made possible by our well-planned footprint expansion and focus on our customers' needs. The strength of our balance sheet and prudent financial practices of each of our businesses ensure that we have the capacity to invest further. One of the highlights of the year was our pioneering USD500 million Euro Medium-Term Notes (EMTN) issuance. As part of a USD3 billion multi-issuer EMTN program, this maiden

issuance was 3.2 times oversubscribed, underscoring the strength of our financial fundamentals and our credibility in international capital markets.

### Business Highlights

Our 2024 performance was anchored on strong contributions from our core businesses.

#### Banking

Our banks accounted for 49% of group earnings. BDO Unibank delivered earnings growth of 12%, while Chinabank achieved 13% earnings growth, both supported by the broad strength of their respective business franchises.

Both banks delivered double-digit loan growth and improvements in asset quality.

#### Properties

SM Prime, our second largest contributor, posted 14% growth in earnings, mainly driven by the strong performance of its mall business.

SM Prime made significant progress in its 360-hectare Integrated Property Development in Manila Bay with the Pasay City government, with 60% of land created at the end of 2024.

#### Retail

Retail revenues and earnings grew by 5%, fueled by increased consumption spending. Among discretionary categories, health and beauty led the way, followed by fashion.

Notably, Alfamart, our minimart food format opened its 2,092nd store on its 10th anniversary.

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As we approach 2025, we remain committed to driving purposeful growth, confident that moderation in inflation and a robust economy will unlock new opportunities for the country's consumer-driven economy.



## Expanding with Purpose

In 2024, we expanded our footprint with the opening of 618 new retail stores, 73 bank branches, and two malls in North Caloocan and Mandaue City, Cebu. Over 85% of these developments were outside Metro Manila, reflecting our geographic expansion strategy to tap into high-growth provincial markets and provide new growth opportunities as we serve more Filipinos.

Our investments in the high growth sectors of renewable energy, logistics and tourism exemplify our commitment to purposeful growth.

## Portfolio Investments

Our portfolio companies contributed 7% of consolidated earnings with a medium-term goal to increase this into the mid-teens. These companies continue to build synergies within the SM Group and to add growth and returns to the parent company.

Through Philippine Geothermal Production Company (PGPC), we produce 300 MW of geothermal steam supply and aim to add capacity for another 300 MW to support the Department of Energy's 50% renewable energy goal by 2040.

Our logistics provider 2GO launched two new ships, MV Masigla and MV Masikap, enabling us to connect to more localities, bringing more goods and people across 19 ports nationwide.



## Inclusive Growth

Our founder, Henry Sy, Sr., believed that business growth and social progress are intrinsically linked. Guided by this principle, we have been supporting over 100,000 MSMEs among our tenants and suppliers and championed workplace inclusivity for our over 142,000 employees. Through SM Foundation, we have granted 6,619 college scholarships, built 110 school buildings, trained 32,359 farmers, served 1,314,118 patients through medical missions and improved 216 health and wellness centers to date.

We undertook many initiatives to reduce our environmental impact, outlined in detail in our 2024 Sustainability Report.

## Recognitions

We are honored to receive numerous prestigious awards this year, recognizing our excellence in governance, investor relations, sustainability, finance, and communications. We are named one of the World's Best Companies by TIME Magazine, reflecting our global impact, while our inclusion in the Fortune 500 Southeast Asia highlights our strong market presence in the region.

## Looking Ahead

As we approach 2025, we remain committed to driving purposeful growth, confident that moderation in inflation and a robust economy will unlock new opportunities for the country's consumer-driven economy.

In 2024, we spent around PHP100 billion in capital expenditures to help fund growth. We are allocating PHP115 billion in 2025 for expansion to further drive growth this year.

## Our Thanks

We extend our heartfelt gratitude to our stakeholders for your trust and support. Your confidence inspires us to deliver meaningful growth that benefits all.

We thank our dedicated employees, supportive partners, host communities and millions of customers. Together, we will build on our successes and grow more with purpose in 2025 and beyond.

Thank you.

**Frederic C. DyBuncio**  
President and CEO