



INVESTMENTS
CORPORATION

1H 2021 Earnings Report

4 August 2021, 2PM



SMIC 1H 2021 Consolidated Results

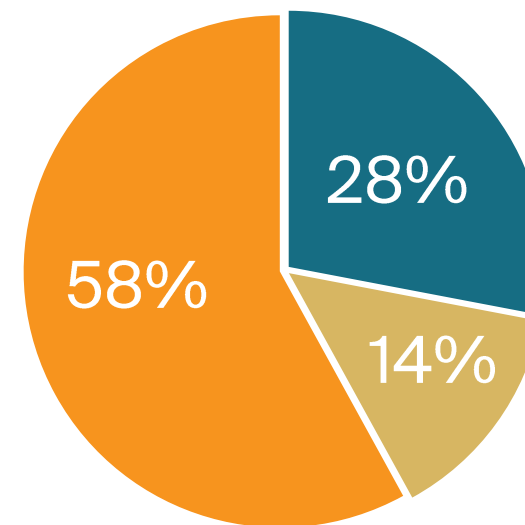
- Resilient performance in all core businesses
- 1H financial improvement largely driven by Banks
- Conservative gearing maintained

SM Investments	1H 2021	Chg
Revenues	193.5	4%
Earnings	20.1	183%
Assets	1,252.6	2%
Net Debt:Total Equity	39 : 61	

Figures in PHP B except percentages

*Asset growth compares 1H2021 vs FY2020

Net Income Mix



■ Property ■ Retail ■ Banking

Note: Excludes SMIC Parent and other subsidiaries

Retail

- 17.8% growth in Non-Food Revenues
- Additional cost efficiencies identified across all formats in Q2
- New channels represent 13.1% of total Non-Food sales

SM Retail	Revenue	Chg	NI	Chg
Total Retail	138.2	-1%	3.6	598%
SM Store	24.4	7%	-0.6	57%
Specialty	29.1	22%	1.5	1,067%
Food Group	92.9	-7%	3.3	39%

Figures in PHP B except percentages

Banking – BDO

Banking	BDO	
	1H 2021	Chg
Net Income	21.4	400%
Net Interest Inc.	64.4	-3%
Other Income	29.7	9%
Loans	2,250.9	0%
Deposits	2,681.2	3%
NIM	4.1%	
NPL	3.1%	
CET 1	13.9%	
CAR	15.0%	

Figures in PHP B except percentages

- Net income growth driven by strong sustainable earnings streams and normalized provisions
- CASA ratio at 84% on 13% growth in CASA deposits
- NPLs remain well below worst-case expectations with NPL cover at 100%
- Capital ratios further strengthened

Banking – China Bank

Banking	CHIB	
	1H 2021	Chg
Net Income	7.3	39%
Net Interest Inc.	18.6	14%
Other Income	6.3	32%
Gross Loans	595.5	1%
Deposits	827.0	7%
NIM	4.2%	
NPL	3.5%	
CET 1	14.2%	
CAR	15.1%	

Figures in PHP B except percentages

- Net income growth driven by 52% lower interest expense and strong growth in other income
- CASA growth of 27% raised CASA ratio to 63%
- NPLs rose to 3.5% and credit buffers increased to provide NPL cover of 99%
- Cost-to-income ratio improved to 45%
- Capital adequacy remains strong

Property

SM Prime	1H 2021	YoY
Total Revenues	41.1	-6%
Philippine Malls	10.7	-26%
China Malls (in RMB M)	3.0	48%
Residential	24.5	3%
Other Businesses	3.1	-
Reservation Sales	55.1	30%
Earnings	11.6	12%

Figures in PHP B except percentages

- Earnings improvement driven by strong Residential sales growth
- Philippine Malls Q2 revenues improved 55% on Q2 2020
- China Malls growth continues to be driven by economic recovery
- Two new Residential projects launched
- Hotel expansion in Park Inn by Radisson Clark

Digital Channels



13% Non-food Sales via
Online Channels



12% Market Share in
Instapay Transactions

Expanding Footprint



22

Bank Branches



3,953

Residential Units



159

Retail Stores

2GO Group

2GO
SEA SOLUTIONS



2GO
SPECIAL CONTAINERS



2GO **2GO**
LOGISTICS EXPRESS



2GO
DISTRIBUTION

Ownership Update

- Completed the acquisition of additional shares in 2GO, becoming the majority shareholder with 52.85% stake
- New minority shareholder, Archipelago Capital Partners

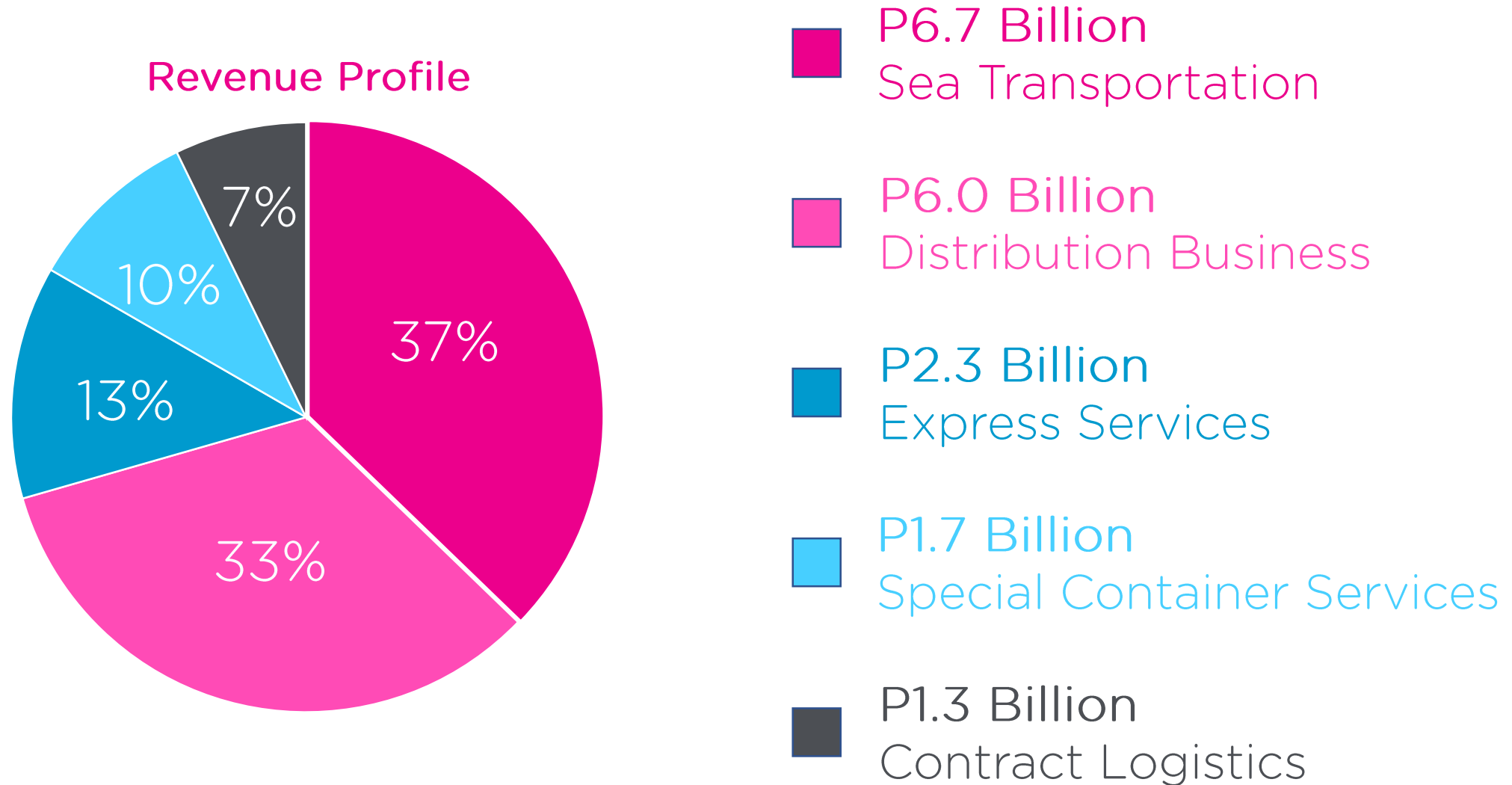


SMIC Investor and Analysts' Briefing

August 4, 2021

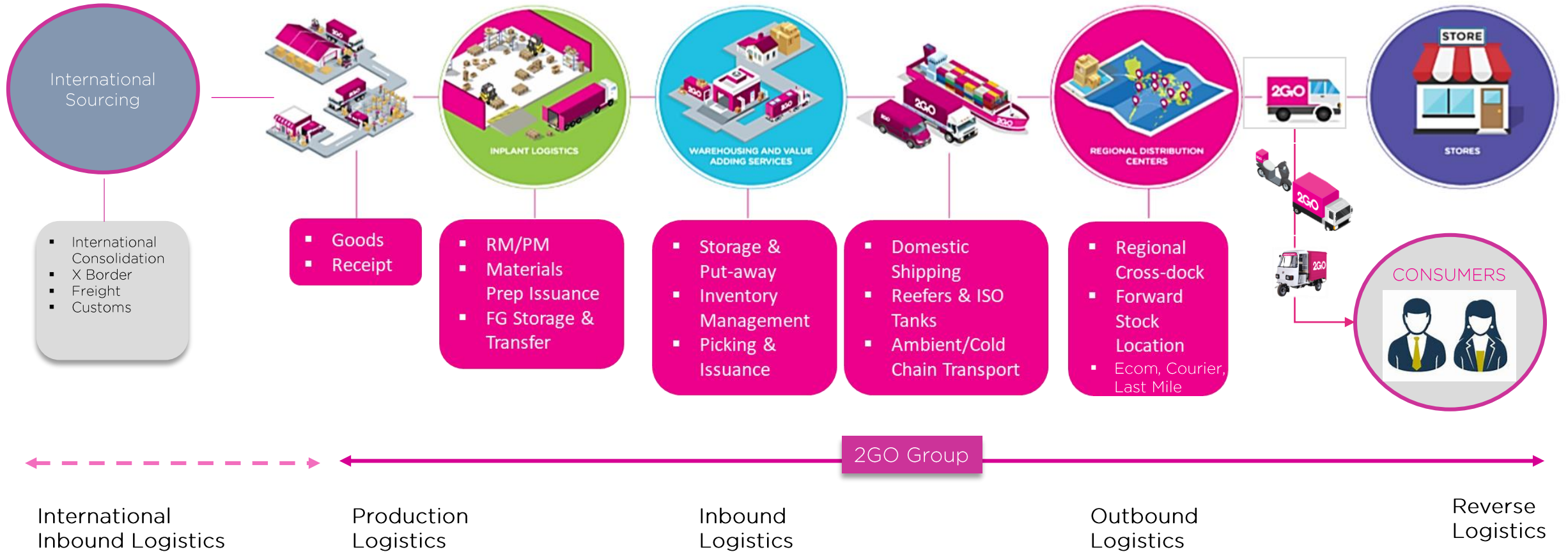


2GO Group is the largest integrated logistics and transportation provider in the Philippines with annual revenues of PHP 18B in 2020



2GO Group is the broadest, largest logistics and transportation provide

Our core services cover the entire value chain from Production, Inbound to DC and outbound B2B and B2C



We participate significantly in areas we operate through our BU's



Only logistics company with a shipping fleet in the Philippines ensuring priorities and reliability

- 10 Vessels
- 20 Ports of call
- 1200 Round Trips/year
- 230K TEUs shipped



One of the largest Reefer Delivery systems nationwide. Leading Isotanks provider

- 504 Reefers
- 15,000 Reefers moved annually
- 9,000 Isotanks



Leading freight forwarder and Express Services offering Sea, land, transport and Air-freight Services to all points in the Philippines

- 15,000 Tons Air-Freight uplifted
- 10M Courier and Ecom transactions
- LCL - 85,000 CBMS moved
- 2,800 own stores and agency network



A broad network of strategically located warehouses and hubs for optimal inventory management and flow management

- 54 Warehouse Facilities Nationwide
- 135,000 square meter
- 480,000 CBM delivered



National Selling and Merchandising Infrastructure

- 2,094 Retail Stores Served
- 2,078 Pharmacies
- 3,093 Food Establishments
- Market Leader In Pharma Retail

2GO has a fleet of 10 vessels and over 1,400 transportation vehicles under management

Vessels	ISO Tank Containers	Reefer Containers <i>in TEUs</i>	Reefer Trucks	Ambient Trucks	Motorcycles	Other Utility
10	160	600	23	295	800	358



2GO is a **leading asset owner**, ensuring supply chain priority and reliability

Nationwide footprint covering key consumption locations in the PH

194 locations nationwide

54 2GO Operated Warehouse

75 2GO Express Operated Hubs

47 2GO Express Agent Hubs

18 2GO Port Offices

Approximates Customers' Network and thus can offer an alternative or can be complementary

Lead-times: Pick up to Delivery

- Land Transport Daily dispatch to **NCR** (1 to 2 days)
- Land Transport Daily transfers to **Luzon ports** (1 to 3 days)
- Air Transport Daily to **VisMin ports** (1 to 3 days)
- Sea Transport 3x week to **VisMin ports** (5 to 6 days)

North Luzon

- Laoag, Ilocos Norte
- Tuguegarao
- La Union
- Baguio

Central Luzon

- Cabanatuan
- Malolos, Bulacan
- Olongapo
- **San Fernando, Pampanga**
- Tarlac

South Luzon

- Antipolo, Rizal
- **Sta. Rosa & Calamba, Laguna**
- Anabu & Dasmaringas, Cavite
- Batangas
- Albay, Bicol
- Palawan

North Mindanao

- Butuan
- **Opol, Cagayan De Oro**
- Iligan
- Ozamis

South Mindanao

- **Sasa, Davao**
- Dipolog
- General Santos
- Zamboanga

NCR

- Manila CFS & R-10
- Paranaque Multinational
- Pasay City Hangar
- Pasay City Durian
- **Taguig Elisco**
- **Taguig Monocrete**

Western/Eastern Visayas

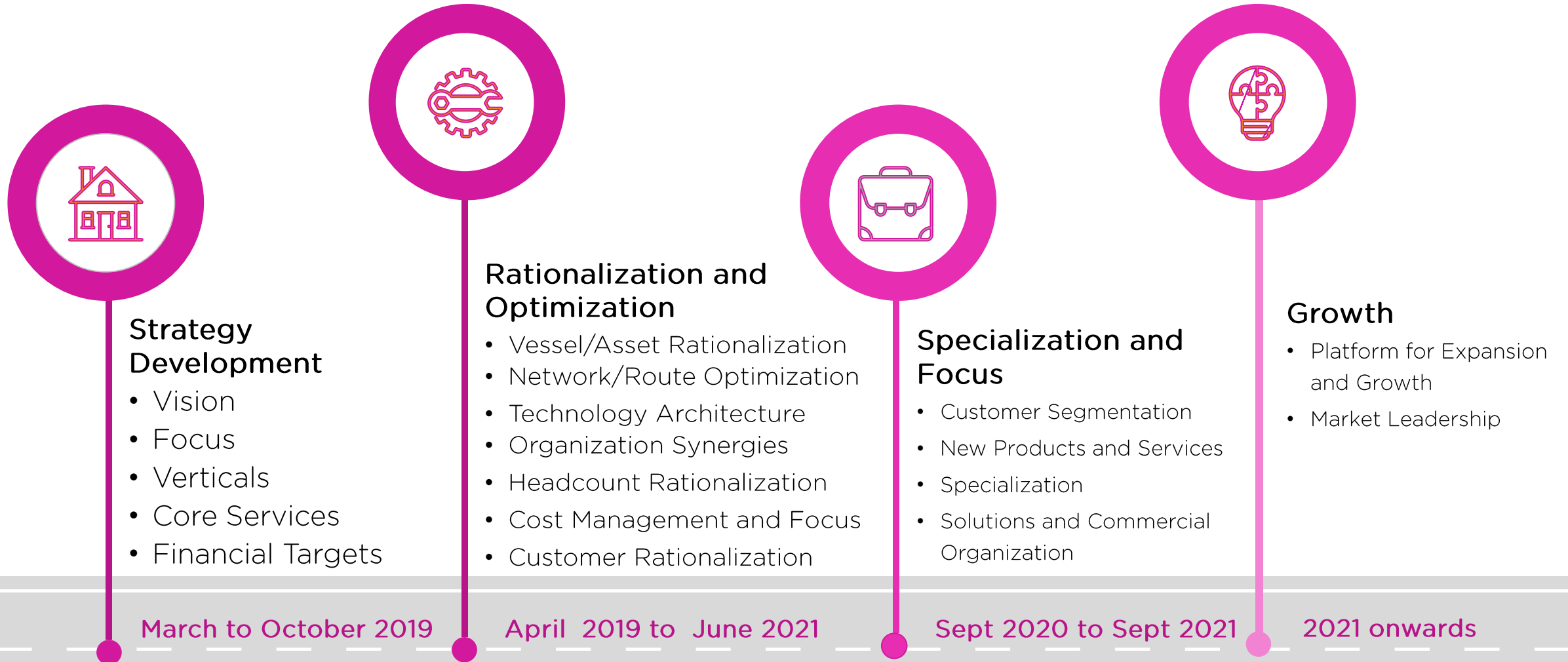
- Bacolod
- Dumaguete
- Iloilo
- Roxas
- Ormoc
- Tacloban

Central Visayas

- **Cebu**
- Tagbilaran



3 Year plan for Sustainable Growth



Shipping: Vessel fleet configuration and modernization to improve profitability

Core of the Sea Solutions Strategy

- ROPAX vessels have berthing priorities in all ports of the Philippines
- Optimal mix of passenger and cargo to retain differentiation
- Improve vessel configuration to minimize passenger dependency
- Improve vessel quality for fuel efficiency and reliability

Large ROPAX

Passenger & Cargo



- Unique – Speed, Frequency, & Reliability
- Preferred by large customers
- Fast (17 knots) with Berthing Priority
- 2GO fleet is aging & needs Refleeting
- Existing ships configured for passenger
- **MV 2GO Maligaya and 2GO Masagana** profitable even w/o passengers

Medium ROPAX

Mostly Passenger & Limited Cargo



- RoRo Buses & Trucks out of Batangas
- Services the Southern Luzon

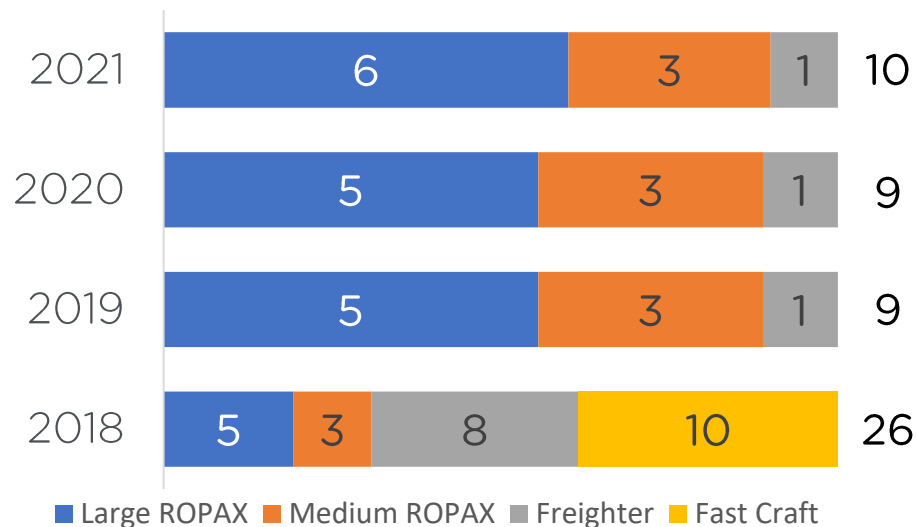
Freighter

Cargo Only

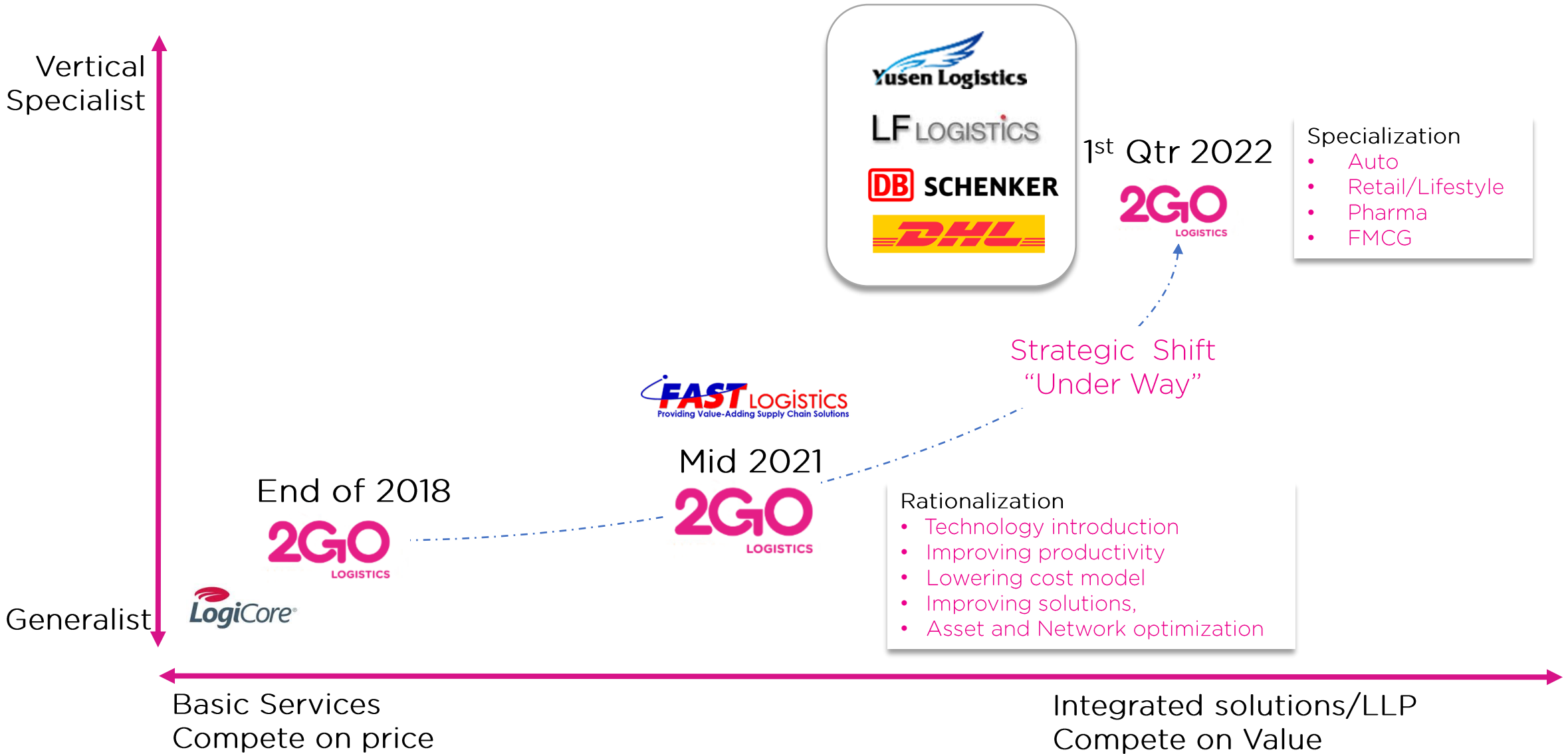


- Slow Transit Time – max 10 knots
- No Berthing Priority
- Undifferentiated – most competitors
- Only 2 round trips per month

Right-sizing the Fleet



Logistics: Objective is to transform to a specialized provider for our customers



Rapidly modernizing 2GO with leading technology

Efficiency | Competitiveness | Customer Experience

Deployment:
September 2020 to June 2021



Automated Sortation Machines at 2GO. Increasing velocity, scale and lowering cost to serve

Brand new, modern sortation machine:

- Enables high volume sortation operations sustainably without adding manpower up to **144K parcels per day**
- 714 Primary and Secondary Sorts, **6,000 package per hour.**
- Cost per unit improves from **P8 per unit to P3.2**
- Multiple configurations of Sortation Logic supporting Express and Logistics
- Can sort items as **small as a letter, bank statement, passport**



Deploying FarEye, an internationally recognized Express TMS

- Significantly improves **delivery performance now at 95%**
- Provides Real Time Track and Trace, enhancing customer experience
- Increases number of drops per rider, lowers costs to serve

The screenshot shows the 2GO TMS web interface. On the left is a dark sidebar with navigation options: Dashboard, Orders, Tracking, Active Orders, Closed Orders, Create Pickup Request, Warehouse Pickups, Inbound, First/Last Mile Jobs, LM Cash Deposit, Driver Tracking, and Settings. The main content area is titled 'Details' and shows information for order C0117052M. A 'Print' button and a search box are visible. The 'Basic Details' section includes: Reference Number (C0117052M), Current Flow Code (waiting_for_updates), Created At (17:07 | Thu, 26 Nov, 2020), Amount To Be Collected (0), and Amount Collected (0). The 'Process Details' section includes: Order Number (C0117052M), Pickup ETA (Fri, 27 Nov, 2020), and Transport Array (1. Transport from: 2019000307_INTERNATIONAL SPECIALTY CONCEPTS INC., Transport to: mw1h_PARANAQUE CITY). A 'Tracking' panel on the left lists various reference numbers with checkboxes.

Reference Number	Order Status
AA5065661	
AA5065662	
C0116171M	
C0116548M	
C0117052M	
C0116142M	
C0116143M	
C0117368M	
AA1506302	
AA1506304	
A0078738I	

The screenshot shows the FarEye Control Tower software interface. The main title is 'Control Tower Real-time Dynamic Routing'. On the left, there is a 'Unassigned Orders' section with three orders: Order Number 12 (Prepared), Order Number 13 (Prepared), and Order Number 14 (In Preparation). On the right, there is a map titled 'Outbound Trips' showing a route with a 'Delay' icon. At the bottom, there is a 'Driver Name' and 'Active Trip Timeline' section with three drivers: Abel John, Marcus Williams, and Ben Lee.

2GO is well positioned to capture and facilitate the Philippine Growth Story

- Successful company-wide transformation focusing on strategic cost rationalization, right-sizing and product differentiation
- Robust and comprehensive strategy is in place supported by shareholders
- Largest integrated service provider – covers entire supply requirements of current and potential customers
- Asset ownership and nationwide network to ensure end-to-end service credibility and reliability
- Ongoing investments in enabling technology to meet future and evolving customer demands critical in the next/new normal





Covid-19 Vaccination Efforts



~2m

Vaccine doses administered in over 60 SM Malls



64%

Vaccinated SM Employees

1H Results Key Messages

- All businesses remain resilient, with improved earnings performance driven by Banking and Residential property
- Retail earnings growth driven by strong Non-Food revenues and further cost efficiencies across all formats
- Banking delivered strong broad-based earnings growth, with NPLs within expectations and coverage more than adequate
- Property supported by strong Residential sales and improving Malls
- Across the Group we continue to invest in footprint expansion and strengthening our businesses for long term growth
- Conservative gearing and strong balance sheets maintained
- SM is helping drive vaccination nationwide in our Malls and among our staff

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