



SM INVESTMENTS

1H 2023 Earnings Briefing

August 9, 2023

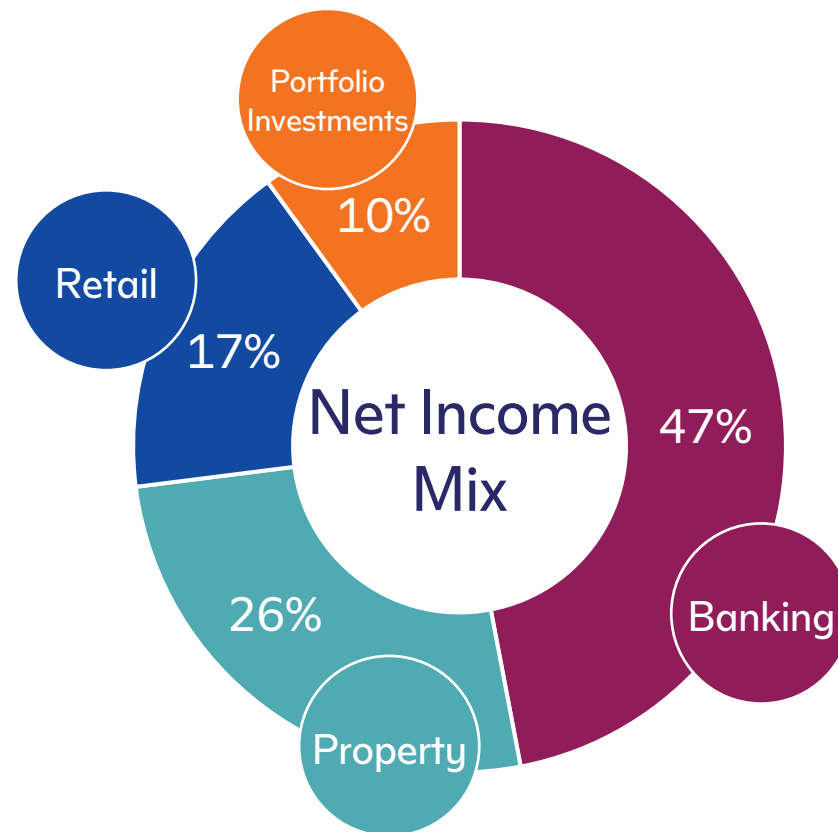


SMIC 1H 2023 Consolidated Results

- Strong consumer sentiment on the back of a positive economic environment
- Conservative gearing and strong balance sheet maintained
- Portfolio investments contribute 10% of total earnings

| SM Investments | 1H 2023 | Chg |
|-----------------------|---------|-----|
| Revenues | 286.3 | 18% |
| Earnings | 36.5 | 32% |
| Assets | 1,507.8 | 2% |
| Net Debt:Total Equity | 36 : 64 | |

Figures in PHP B except percentages



Banking – BDO

- Earnings momentum sustained
- 1H 2023 ROCE at 15.1%
- Improving asset quality
 - NPL ratio stable
 - NPL Cover at 174%
- Comfortable capital position

| BDO | 1H 2023 | Chg |
|-------------------|---------|-----|
| Net Income | 35.2 | 47% |
| Net Interest Inc. | 89.5 | 29% |
| Other Income | 38.2 | 11% |
| Gross Loans | 2,665.3 | 8% |
| Deposits | 3,295.8 | 12% |
| NIM | 4.65% | |
| NPL Ratio | 1.95% | |
| CET 1 | 13.9% | |
| CAR | 15.0% | |

Figures in PHP B except percentages



Banking – China Bank

| China Bank | 1H 2023 | Chg |
|-------------------|---------|------|
| Net Income | 10.8 | 7% |
| Net Interest Inc. | 25.5 | 16% |
| Other Income | 1.7 | -48% |
| Gross Loans | 745.0 | 11% |
| Deposits | 1,121.0 | 19% |
| NIM | 4.23% | |
| NPL Ratio | 2.23% | |
| CET 1 | 15.2% | |
| CAR | 16.1% | |

Figures in PHP B except percentages

- Growth driven by robust core business and maintained good asset quality ratios
 - NPL at 2.2%
 - NPL coverage at 122%
- Double digit ROE of 15.9%
- Cost-to-Income ratio at 50.0% despite higher investments in technology and manpower
- Strong capital ratios



Retail

| SM Retail | Revenue | Chg | NI | Chg |
|--------------|---------|-----|-----|-----|
| Total Retail | 188.9 | 15% | 8.4 | 21% |
| SM Store | 48.2 | 27% | 1.3 | 45% |
| Specialty | 42.7 | 18% | 3.4 | 29% |
| Food Group | 110.3 | 10% | 4.8 | 16% |

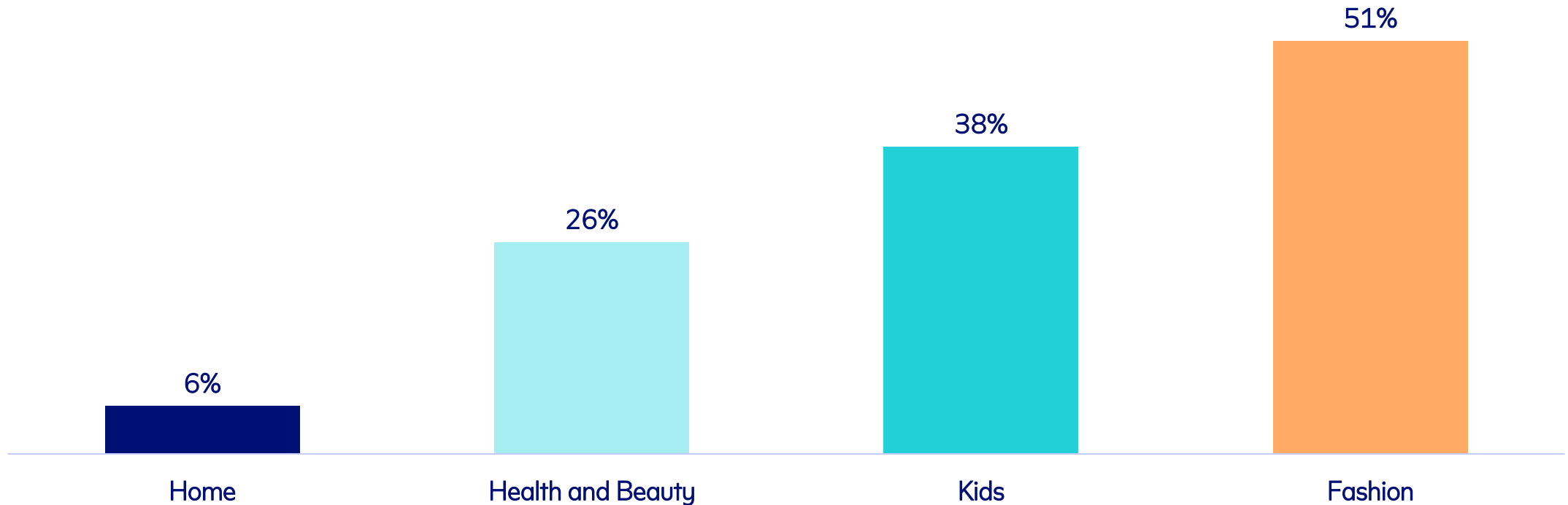
Figures in PHP B except percentages

- Strong consumer demand boosted by macro environment improving inflation and record low unemployment
- Net income grew by 21% driven sales growth in Non-Food discretionary categories sales, both in SM Store and Specialty Stores
- Non-food sales through other channels at 8.6%, led by Call-to-Deliver



Strong Growth Across Discretionary Categories

Specialty Retail Category Revenue Growth YoY



Note: Represents total category growth, does not reflect ownership % in individual formats



Property

- Philippine mall rental income up 42% due to increase in tenant sales, foot traffic, and normalization of rental fees
- Cinemas, event ticket sales and other revenues up 78%
- Reservation sales up 15%
- Offices improved 18%
- Hotels and Convention centers revenues up 78%, as MICE and tourism activities returned

| SM Prime | 1H 2023 | Chg |
|-------------------|---------|-----|
| Total Revenues | 59.9 | 29% |
| Philippine Malls | 31.5 | 53% |
| SMDC | 17.6 | 5% |
| Other Businesses | 6.3 | 40% |
| Reservation Sales | 68.5 | 15% |
| Net Income | 19.4 | 38% |

Figures in PHP B except percentages



External Recognition



1H 2023 Results Key Messages

- Robust consumer confidence, consistent with the Philippines' overall economic growth
- Retail Revenues driven by strong consumer demand especially in discretionary
- Banks saw robust core business growth, improving asset quality and strong balance sheets
- Property benefitted from increased tenant sales and normalized rent. Improved foot traffic, and growth in activity-based businesses and F&B
- Portfolio Investments at 10% of earnings
- Conservative gearing and healthy balance sheet
- Group well positioned for 2H



Annex



SM Retail Consolidated

| Financials | 1H 2023 | 1H 2022 | Chg |
|-------------|---------|---------|-----|
| Revenue | 188.9 | 164.3 | 15% |
| SSSG | 14.4% | 16.0% | |
| EBIT Margin | 7.0% | 7.0% | |
| Net Income | 8.4 | 7.0 | 21% |

Figures in PHP B except percentages

| Profile | | | |
|--------------|-------|-------|-----|
| Store Count | 3,677 | 3,336 | 10% |
| Selling Area | 3.29 | 3.07 | 7% |

Gross Selling Area in M sqm.

- Retail Revenues driven by strong consumer demand especially in discretionary
- Net income grew by 21% driven sales growth in Non-Food discretionary categories sales, both in SM Store and Specialty Stores
- Non-food sales through other channels at 8.6%, led by Call-to-Deliver



SM Retail – The SM Store

| Financials | 1H 2023 | 1H 2022 | Chg |
|-------------|---------|---------|-----|
| Revenue | 48.2 | 38.0 | 27% |
| SSSG | 26.5% | 55.8% | |
| EBIT Margin | 4.0% | 4.1% | |
| Net Income | 1.3 | 0.9 | 45% |

Figures in PHP B except percentages

| Profile | | | |
|--------------|------|------|----|
| Store Count | 73 | 69 | 6% |
| Selling Area | 0.85 | 0.79 | 8% |

Gross Selling Area in M sqm.

- Growth across discretionary categories in the SM Store
- Net income and margins positive as revenues grew 27%



SM Retail – Food Group

| Financials | 1H 2023 | 1H 2022 | Chg |
|-------------|---------|---------|-----|
| Revenue | 110.3 | 100.2 | 10% |
| SSSG | 9.4% | 4.7% | |
| EBIT Margin | 6.3% | 6.4% | |
| Net Income | 4.8 | 4.1 | 16% |

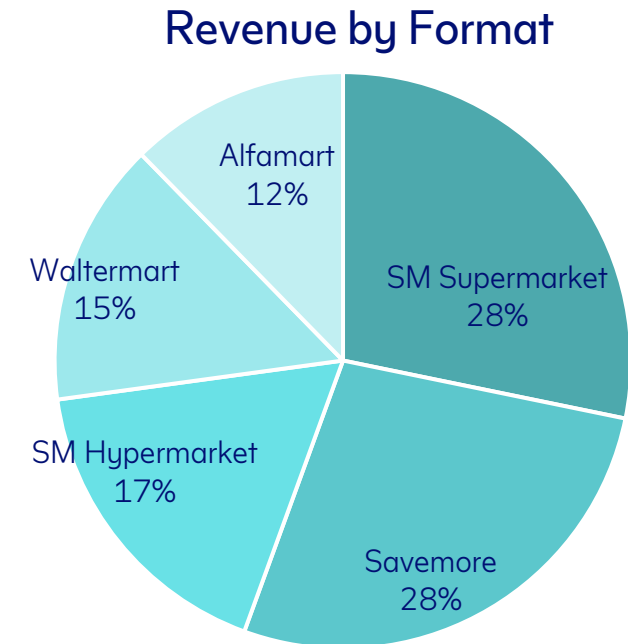
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Profile

| | | | |
|--------------|-------|-------|-----|
| Store Count | 1,949 | 1,724 | 13% |
| Selling Area | 1.77 | 1.64 | 8% |

Gross Selling Area in M sqm.

- Sustained growth across all formats



Data as of 1H 2023



SM Retail – Specialty

| Financials | 1H 2023 | 1H 2022 | Chg |
|-------------|---------|---------|-----|
| Revenue | 42.7 | 36.3 | 18% |
| SSSG | 15.8% | 20.4% | |
| EBIT Margin | 10.7% | 10.2% | |
| Net Income | 3.4 | 2.6 | 29% |

Figures in PHP B except percentages

| Profile | | | |
|--------------|-------|-------|----|
| Store Count | 1,655 | 1,543 | 7% |
| Selling Area | 0.66 | 0.63 | 4% |

Gross Selling Area in M sqm.

- Healthy growth across discretionary specialty brands
 - Fashion up 51% YoY
 - Kids up 38%
 - Health and Beauty up 26%
 - Home up 6%

