



SM INVESTMENTS

August 3, 2022

THE PHILIPPINE STOCK EXCHANGE, INC.

6th Floor, PSE Tower
28th St. corner 5th Ave.
BGC, Taguig City

Attention: **Ms. Alexandra D. Tom Wong**
Officer-In-Charge, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.

29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Attention: **Atty. Marie Rose M. Magallen-Lirio**
Head, Issuer Compliance and Disclosure Department

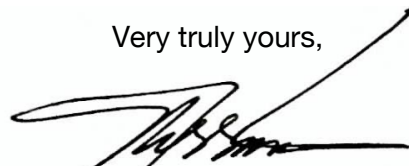
Re: **Press Release - SM's business bright spot: Strong retail activity pushes SM net income 27% higher to PHP26B in H1**
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Ladies and Gentlemen:

Please be informed that SM Investments Corporation is releasing to the press the attached statement entitled "SM's business bright spot: Strong retail activity pushes SM net income 27% higher to PHP26B in H1."

Thank you.

Very truly yours,


ELMER B. SERRANO
Corporate Secretary

Encl. a/s

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
August 3, 2022
2. SEC Identification No. **16342**
3. BIR Tax Identification No. **000-169-020-000**
4. Exact name of issuer as specified in its charter
SM Investments Corporation
5. Province, country or other jurisdiction of incorporation
Philippines
6. Industry Classification Code (SEC Use Only)
7. Address of principal office
10th Floor, One E-com Center, Harbour Drive, Mall of Asia Complex, Pasay City

Postal Code **1300**
8. Issuer's telephone number, including area code
(632) 8857-0105
9. Former name or former address, if changed since last report
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10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock
Outstanding and Amount of Debt
Outstanding

Common

1,222,023,358

11. Indicate the item numbers reported herein:

Item 9. Other Events

SM Investments Corporation (SMIC) will be releasing to the press the attached statement entitled "SM's business bright spot: Strong retail activity pushes SM net income 27% higher to PHP26B in H1."

SM Investments Corporation reported its consolidated net income increased 27% to PHP25.5 billion in the January to June period from PHP20.1 billion in the same period last year. Consolidated revenues rose 23% to PHP238.5 billion in the first half from PHP193.5 billion in the same period last year. In terms of net earnings, banks accounted for 48%, followed by property at 26%, retail at 20% and portfolio investments at 6%.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SM Investments Corporation

By:



ELMER B. SERRANO
Corporate Secretary

Date: 3 August 2022



SM INVESTMENTS

Press Release

SM's business bright spot: Strong retail activity pushes SM net income 27% higher to PHP26B in H1

(03 August 2022, Pasay City, Philippines) SM Investments Corporation reported its consolidated net income increased 27% to PHP25.5 billion in the January to June period from PHP20.1 billion in the same period last year.

Consolidated revenues rose 23% to PHP238.5 billion in the first half from PHP193.5 billion in the same period last year.

“Our financial performance was led by strong consumer spending across all categories and formats of our retail business and the return of crowds in malls. Despite rising inflation, we are encouraged to see shoppers’ robust spending in the first half. This is a bright spot in the Philippines and in the region amid global headwinds,” said Frederic C. DyBuncio, SM Investments Corporation President and Chief Executive Officer.

In terms of net earnings, banks accounted for 48%, followed by property at 26%, retail at 20% and portfolio investments at 6%.

Retail

Consumers are back to safe shopping in SM stores which drove up retail growth. Further supporting this growth are SM Retail's efficient operations and strategic expansion.

SM Retail reported revenues of PHP163.7 billion, higher by 18% from PHP138.2 billion in the same period last year.

This revenue growth is driven by higher foot traffic in retail stores and malls as well as renewed vigor in shopping for fashion-related items in the department stores. The larger food retail formats also benefitted from higher foot traffic in malls.

Retail net income was higher by 91% to PHP7.0 billion from PHP3.6 billion in the previous period, benefitting from cost reductions and efficiencies across all formats.

“This consumer-driven momentum brings more optimism moving forward as we keep innovating on our retail offerings to ensure an excellent shopping experience for the Filipino consumer,” Mr. DyBuncio said.

In the six months ended June 2022, SM Retail and its affiliates added 147 stores. This brought total stores to 3,336 which include 69 SM Stores, 1,543 Specialty Retail, 62 SM Supermarket, 52 SM Hypermarket, 214 Savemore, 1,320 Alfamart and 75 WalterMart stores.

Property

SM Prime Holdings, Inc. (SM Prime) reported a 21% increase in consolidated net income to PHP14.1 billion from PHP11.6 billion in the same period last year. This is supported by a 13% increase in consolidated revenues to PHP46.3 billion from PHP41.1 billion.

SM Prime's Philippine mall revenues, which account for 44% of consolidated revenues, grew 92% to PHP20.6 billion from PHP10.7 billion. Mall rental income grew 80% to PHP18.6 billion from PHP10.3 billion. With more relaxed community quarantines in major areas in the Philippines, SM Prime's cinemas, event ticket sales and other revenues grew to PHP2.0 billion from PHP0.5 billion. SM Prime's China mall revenues reached RMB0.39 billion in the first half of 2022, almost the same level in 2021.

SM Prime's residential business, led by SM Development Corp. (SMDC), reported PHP18.2 billion revenues, 25% lower than PHP24.5 billion in the same period last year. The decrease in revenues was partly due to canceled sales as an effect of the expiration of the Bayanihan Act, which gave a reprieve to unit buyers during the height of the pandemic, affecting the entire industry.

SMDC's reservation sales grew 49% in unit sales to 12,327 this year, translating to an 8% increase in reservation sales to PHP59.4 billion from PHP55.1 billion.

SM Prime's other businesses, which include offices, hotels and convention centers, reported a 49% growth in revenues to PHP4.5 billion from PHP3.0 billion. Its office business reported PHP2.8 billion revenues, 14% higher than the same period last year, while the hotels and convention centers business reported PHP1.7 billion revenues, 205% higher in the same period last year.

Banking

BDO Unibank, Inc. delivered PHP23.9 billion in net income in the first six months, up 12% on strong results across its core businesses.

Net Interest Income and fee income continued their growth trajectory, driving pre-provision operating profits higher by 18%.

Customer loans increased by 9%, funded by an 11% rise in Current Account/Savings Account (CASA) deposits.

Asset quality sustained its improvement as NPL ratio went down further to 2.39% from 3.12% a year-ago. NPL coverage was higher at 138%.

China Banking Corporation posted PHP10.1 billion in net income, up 39% compared to the same period last year, driven mainly by higher net interest income and core fee income, as well as lower provisions.

Net interest income rose 16% to PHP22.0 billion on the back of stronger top line revenues and steady movement in interest expense.

Loans expanded 14% to PHP655 billion on the back of significant growths in both business and consumer loans. Total deposits likewise increased 14% to PHP945 billion as the bank sustained a 14% year-on-year build-up in current and savings accounts.

China Bank improved its gross non-performing loans (NPL) ratio by 120 basis points to 2.3%. NPL coverage remained above industry average at 128%.

Portfolio Investments

SM Investments' portfolio companies in the different industries delivered growth in the first half of the year as these benefited from the reopening of the economy.

Balance Sheet

Total assets were at PHP1.4 trillion. Gearing ratio stood at 39% net debt to 61% equity.

In February, SM Investments listed PHP15 billion fixed-rate bonds at the Philippine Dealing and Exchange Corp. (PDEX). Investors snapped up the bonds, a strong testament to investor confidence in SM's credit standing. The retail bond offering, which was 3.7 times over-subscribed to as much as PHP55 billion, is the company's biggest issue since 2016.

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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.

For more about SM, visit www.sminvestments.com

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