



SM INVESTMENTS

1H 2022 Earnings Briefing

Aug 3, 2022

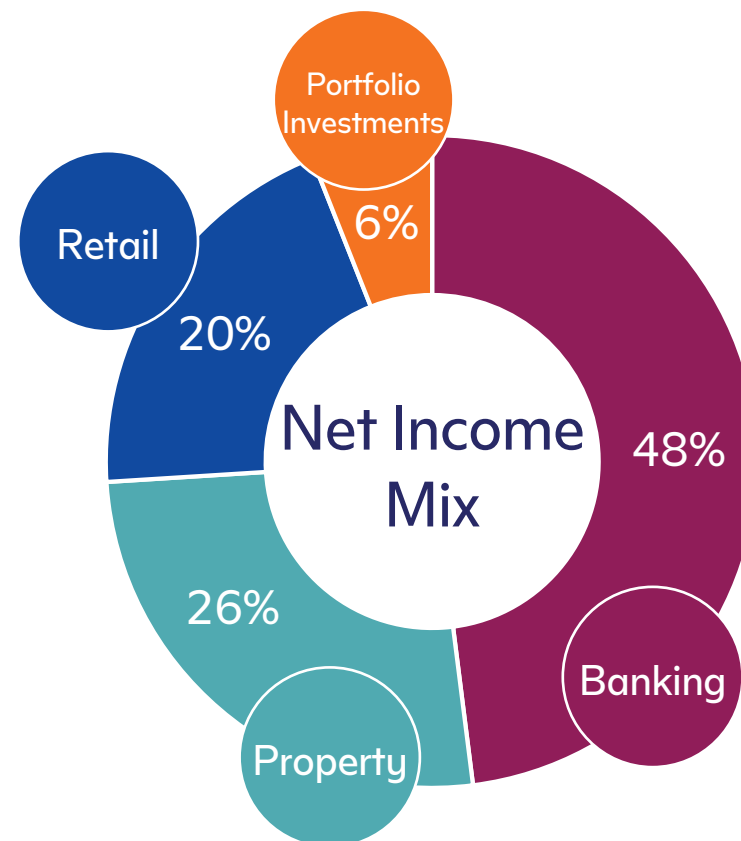


SMIC 1H 2022 Consolidated Results

- Strong consumer spending momentum in Retail and Malls
- Banks continued to drive earnings
- Portfolio Investments contributed 6% of earnings

SM Investments	1H 2022	Chg
Revenues	238.5	23%
Earnings	25.5	27%
Assets	1,399.8	4%
Net Debt:Total Equity	39 : 61	

Figures in PHP B except percentages



Banking – BDO

- Sustained momentum driven by strong core business
- CASA ratio at 85% on 11% growth in CASA deposits
- NPL ratio improved and NPL coverage increased to 138%
- Strong capital ratios maintained

BDO	1H 2022	Chg
Net Income	23.9	12%
Net Interest Inc.	69.4	8%
Other Income	34.3	15%
Loans	2,458.4	9%
Deposits	2,954.8	10%
NIM	4.0%	
NPL	2.4%	
CET 1	13.4%	
CAR	14.5%	

Figures in PHP B except percentages



Banking – China Bank

China Bank	1H 2022	Chg
Net Income	10.1	39%
Net Interest Inc.	22.0	16%
Other Income	3.2	-46%
Loans	655.0	14%
Deposits	945.3	14%
NIM	4.3%	
NPL	2.3%	
CET 1	14.8%	
CAR	15.7%	

Figures in PHP B except percentages

- Growth driven by net interest income and core fee income growth, lower provisions
- Above industry loan growth
- NPL ratio improved 120bps and NPL coverage at 128%
- Cost-to-income ratio improved to 44% on efficiency enhancements and cost management
- Strong capital ratios



Property

- Strong domestic demand momentum
- Philippine mall rental income up 80%
- Cinemas, event ticket sales and other revenues up 349%
- Residential revenues impacted by cancelations due to expiration of the Bayanihan Act impacting the industry
- Offices improved 14%
- Hotels and Convention centers revenues up 205%

SM Prime	1H 2022	Chg
Total Revenues	46.3	13%
Philippine Malls	20.6	92%
China Malls (in RMB B)	0.4	-3%
Residential	18.2	-25%
Other Businesses	4.5	49%
Reservation Sales	59.4	8%
Net Income	14.1	21%

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Retail

SM Retail	Revenue	Chg	NI	Chg
Total Retail	163.7	18%	7.0	91%
SM Store	38.0	56%	0.9	240%
Specialty	36.3	25%	2.7	77%
Food Group	100.2	8%	4.3	32%

Figures in PHP B except percentages

- Strong consumer spending momentum across all formats
- Retail at 96% of pre-pandemic revenues
- Net income above pre-pandemic levels
- New channels represent 10% of Non-Food sales



SM Retail is Back



Demand Driven Recovery

External

- Relaxed mobility restrictions
- Pent-up demand and revenge spending

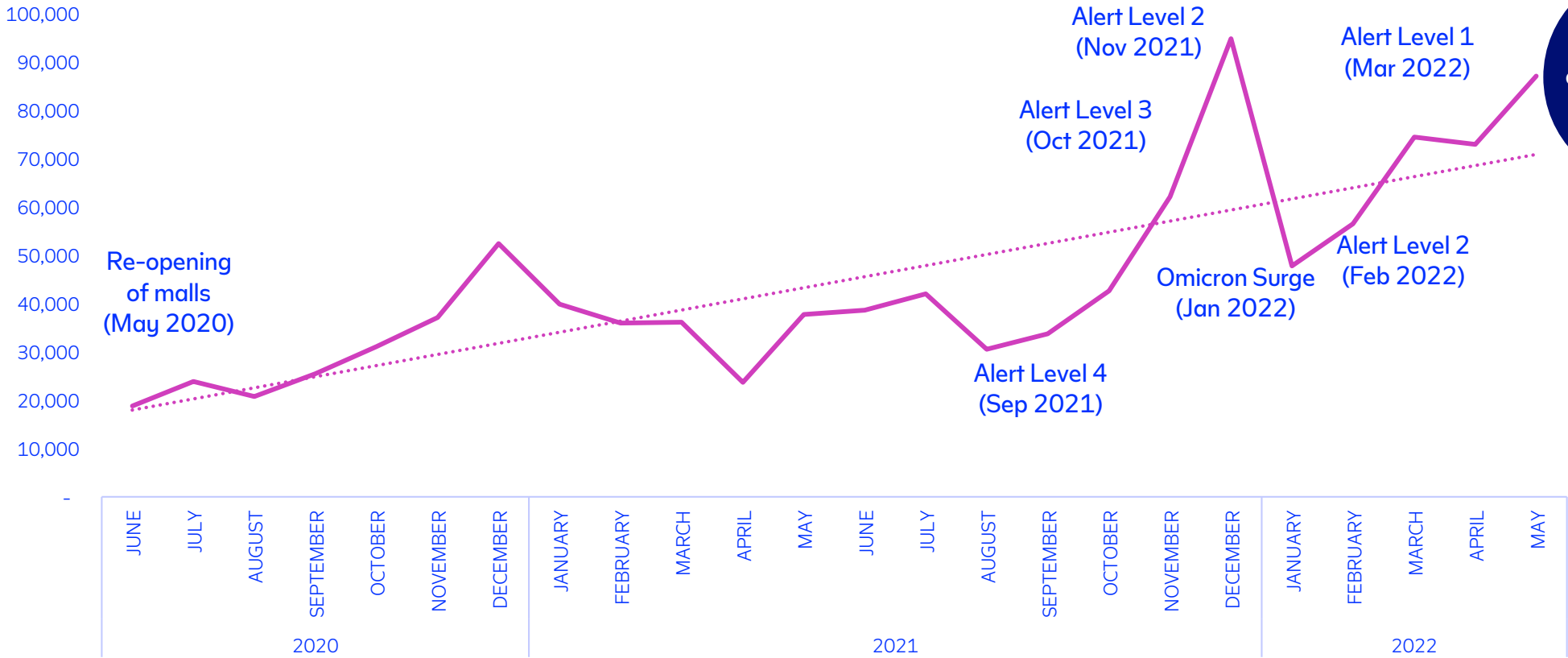
Internal

- Brand and broad selection of products
- Best value offering
- Customer Experience



Foot Traffic Recovery

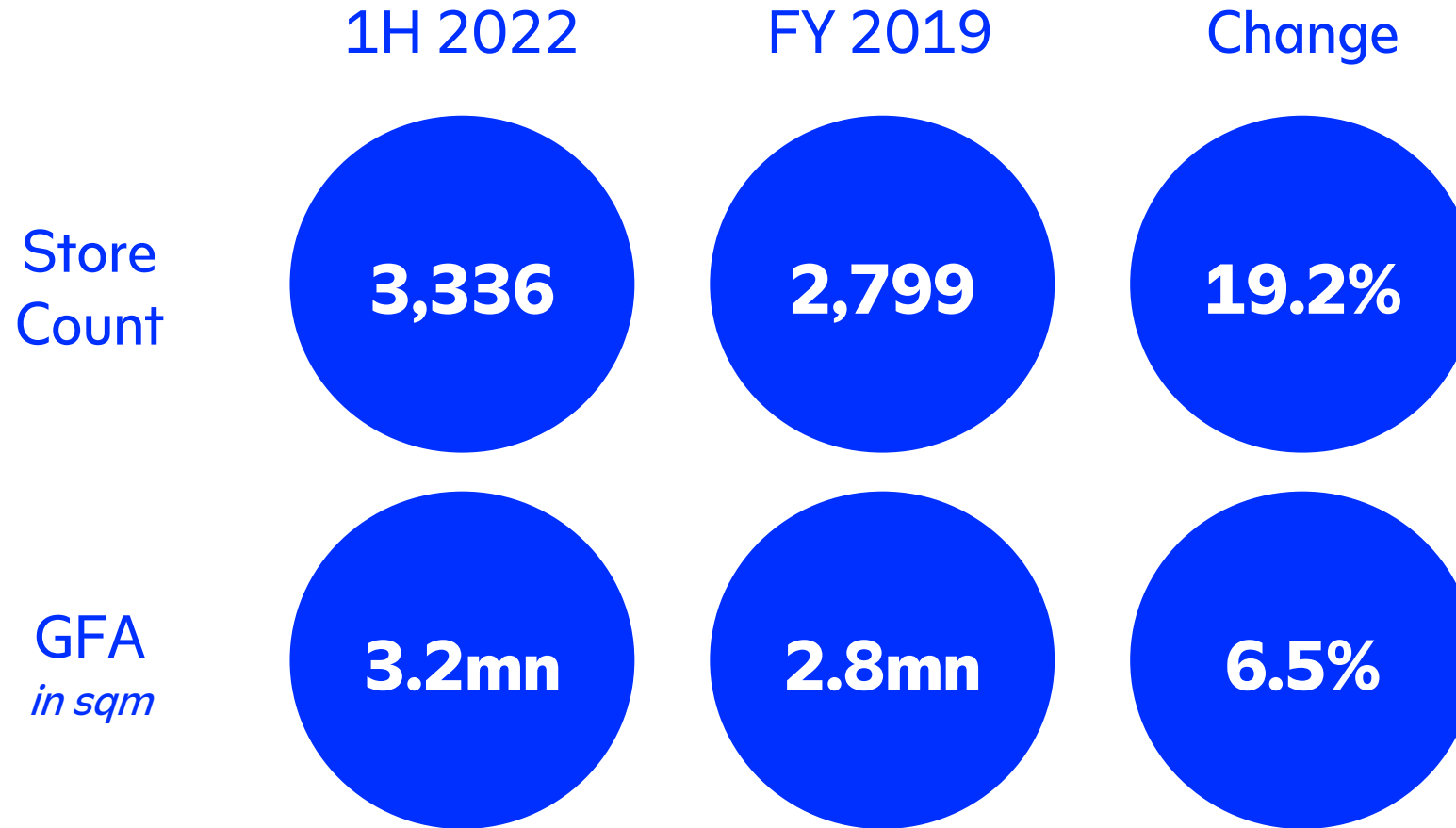
Mall Foot Traffic (thousands)



102%
of pre-pandemic
levels during
weekends



Calibrated Footprint Expansion Paying Off



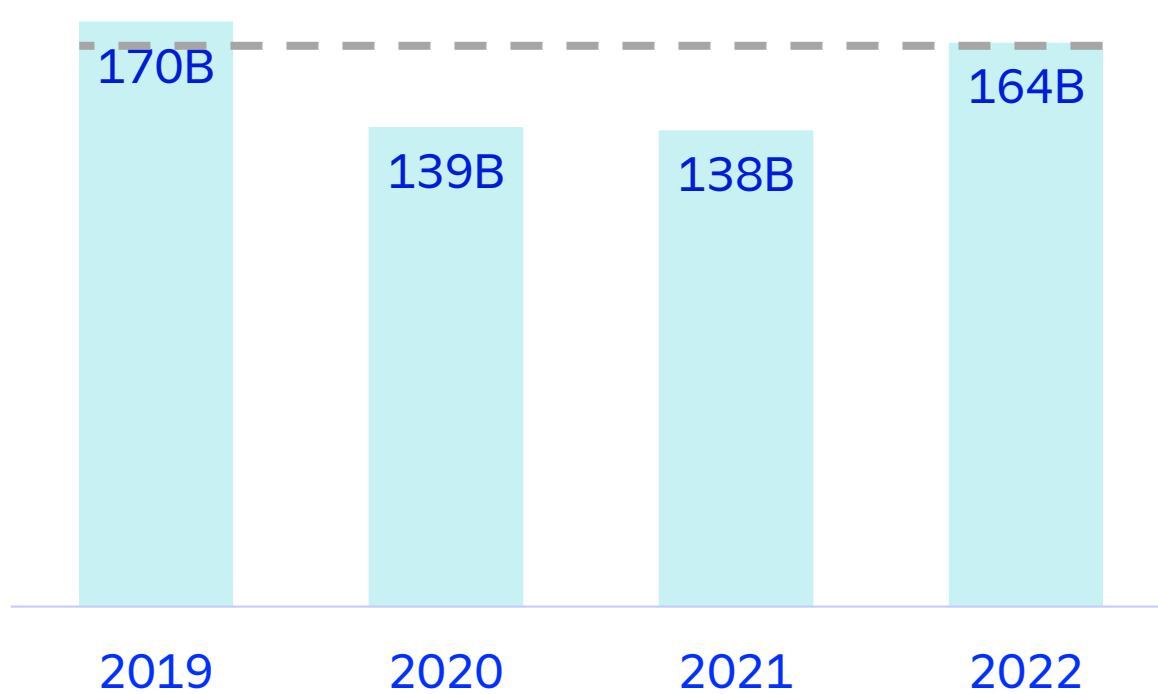
Furthering our Omnichannel Strategy

10%
of non-food retail sales

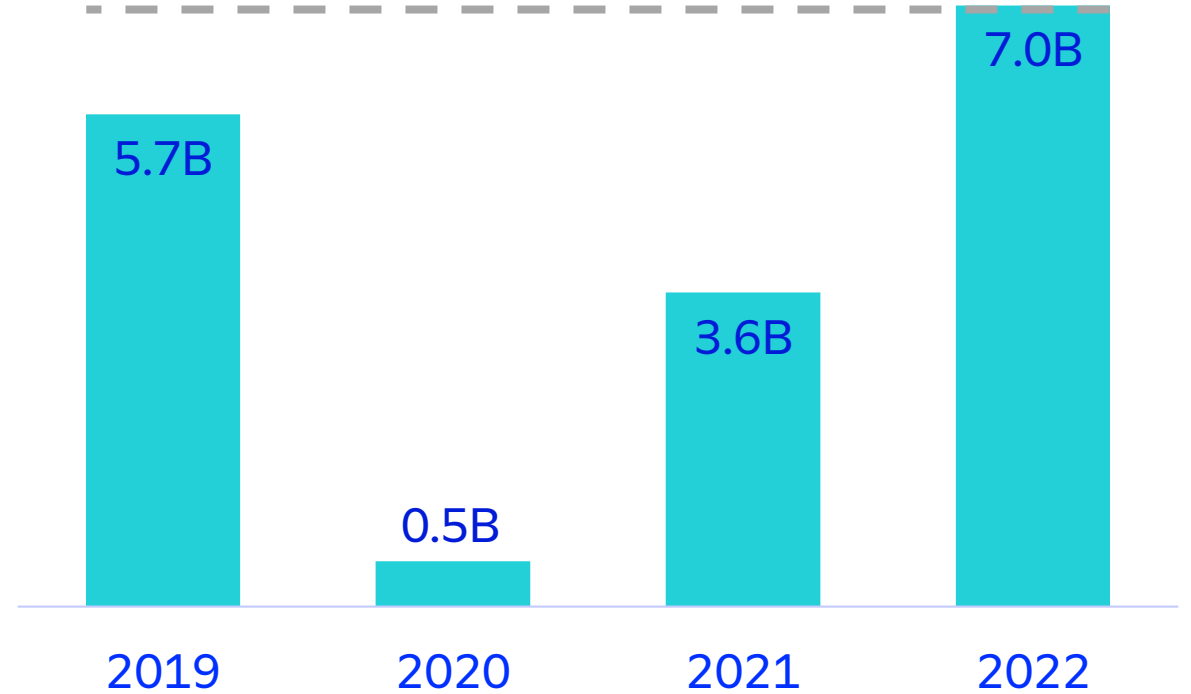


Coming out of the pandemic stronger than ever

YTD Revenues



YTD Net Income



SM Investments received approval to acquire PGPC



- Total consideration paid for 81% of Allfirst, parent of PGPC, is P15.76bn
- Issuance of 17.4 million new shares, equivalent to 1.4% of shares outstanding in SMIC
- In 2021, PGPC revenues were equivalent to 1.2% of SMIC revenues and 5.5% accretive to SMIC Net Income



1H 2022 Results Key Messages

- SM H1 performance a bright spot in the Philippines and region
- Strong momentum in consumer spending – Filipino shoppers are back
- Retail benefited from strong consumer sentiment across all categories and formats, especially in fashion-related items and in department stores
- Banks delivered strong core business growth, NPL coverage and balance sheets
- Property growth driven by increased foot traffic and discretionary spending in Malls
- PGPC transaction approved and is sizeable, accretive and a strong strategic fit
- Conservative gearing and strong balance sheet maintained
- Optimistic about consumer outlook, despite global headwinds



SM Retail Consolidated

Financials	2022	2021	Chg
Revenue	163.7	138.2	18%
SSSG	16.0%	-3.5%	
Net Income	7.0	3.6	91%
Net Margin	4.7%	3.3%	

Figures in PHP B except percentages

Profile

Store Count	3,336	3,093	8%
Selling Area	3.19	3.10	3%

Gross Selling Area in M sqm.

- Strong consumer spending momentum in 1H 2022
- Net income grew by 91% driven by sustained Non-Food sales
- New channels represent 10% of Non-Food sales



Data as of 1H 2022

SM Retail – SM Store

Financials	2022	2021	Chg
Revenue	38.0	24.4	56%
SSSG	55.8%	4.3%	
Net Income	0.9	-0.6	240%
Net Margin	2.5%	-2.9%	

Figures in PHP B except percentages

Profile

Store Count	69	66	5%
Selling Area	0.85	0.82	3%

Gross Selling Area in M sqm.

- Improved sales in fashion items
- Better margin products improving mix
- Cost efficiencies



SM Retail – Food Group

Financials	2022	2021	Chg
Revenue	100.2	92.9	8%
SSSG	4.7%	-11.0%	
Net Income	4.3	3.3	32%
Net Margin	4.4%	3.6%	

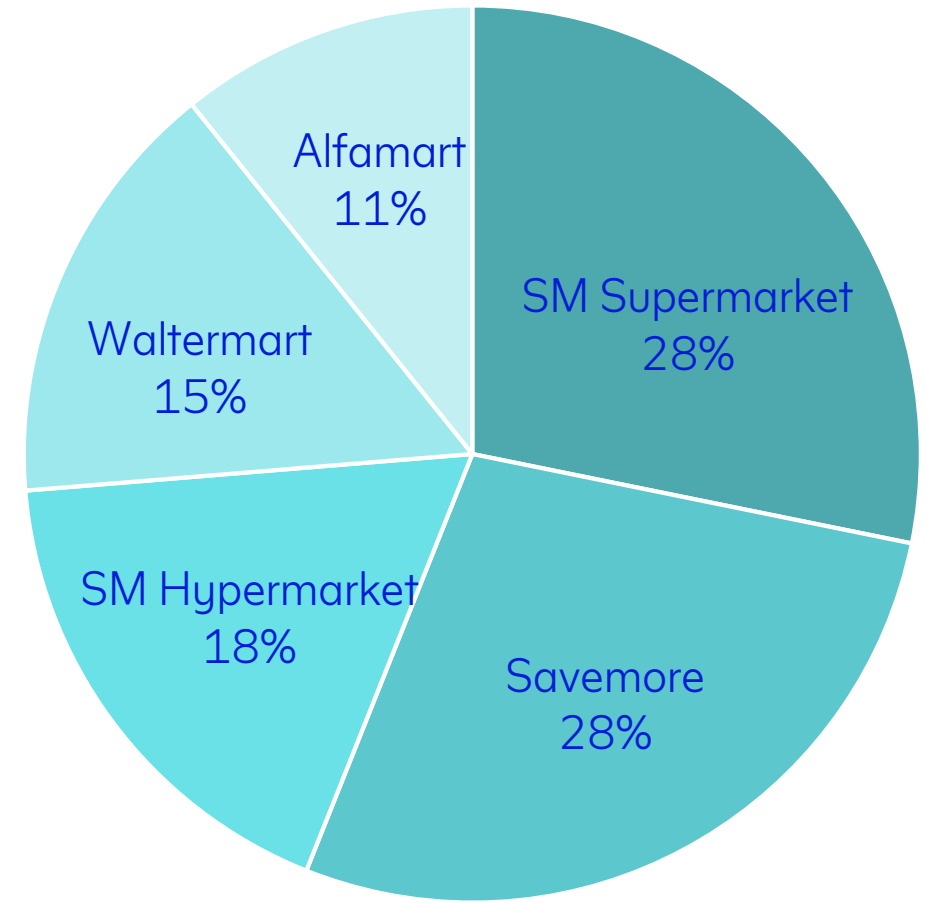
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Profile

Store Count	1,724	1,493	15%
Selling Area	1.71	1.65	3%

Gross Selling Area in M sqm.

Revenue by Format



Data as of 1H 2022

SM Retail – Specialty

Financials	2022	2021	Chg
Revenue	36.3	29.1	25%
SSSG	20.4%	21.7%	
Net Income	2.7	1.5	77%
Net Margin	7.7%	5.3%	

Figures in PHP B except percentages

Profile

Store Count	1,543	1,534	1%
Selling Area	0.64	0.63	1%

Gross Selling Area in M sqm.

- Improved sales in more discretionary items
- Margin improvement due to better mix and cost efficiencies

