



INVESTMENTS
CORPORATION

FY 2020 Earnings Report

26 February 2021, 2PM



SMIC FY 2020 Consolidated Results

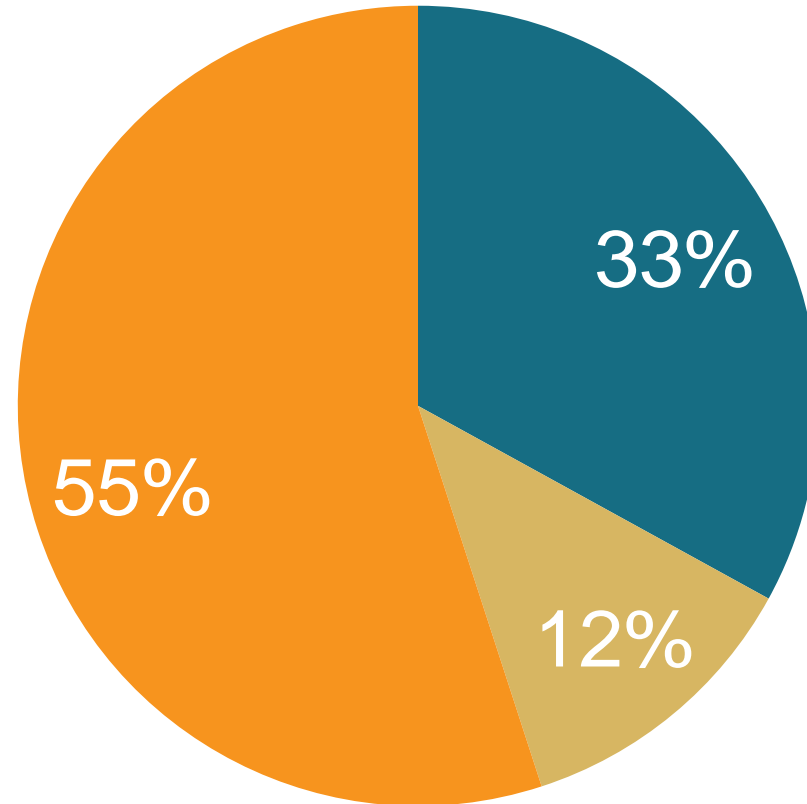
- Q4 revenues up 6.3% on Q3
- FY earnings reflect prudent Bank provisions
- Conservative gearing maintained

SM Investments	FY 2020	Chg
Revenues	394.2	-21%
Earnings	23.4	-48%
Assets	1,224.5	7%
Net Debt:Total Equity	37 : 63	

Figures in PHP B except percentages

Net Income Mix

- Banking and Property provided majority of earnings



■ Property ■ Retail ■ Banking

Note: Excludes SMIC Parent and other subsidiaries

Banking – BDO

Banking	BDO	
	FY 2020	Chg
Net Income	28.2	-36%
Net Interest Inc.	133.7	12%
Other Income	55.2	-8%
Loans	2,263.7	3%
Deposits	2,610.2	5%
NIM	4.4%	
NPL	2.7%	
CET 1	13.2%	
CAR	14.4%	

Figures in PHP B except percentages

- Strong core business growth
- P30.2 billion of prudent provisions set against potential delinquencies
- NPL coverage at 110% and reserves more than sufficient to cover potential losses
- Strong capital ratios maintained as BDO's capital grew by 6%

Banking – China Bank

Banking	CHIB	
	FY 2020	Chg
Net Income	12.1	20%
Net Interest Inc.	33.8	30%
Other Income	10.0	19%
Gross Loans	572.0	-1%
Deposits	835.2	8%
NIM	3.9%	
NPL	2.3%	
CET 1	13.8%	
CAR	14.7%	

Figures in PHP B except percentages

- Strong earnings growth from core businesses and improved investment and trading activities
- P8.9 billion of pandemic-related loan buffer
- Cost-to-income ratio improved to 49%
- Robust liquidity and capital levels

Property

- Malls continue to recover and to assist tenants
- Residential and Commercial businesses increased FY revenues
- Two malls opened in Mindanao in Q4

SM Prime	FY 2020	Chg
Revenues	81.9	-31%
Earnings	18.0	-53%
Philippine Mall Revenue	23.6	-59%
Residential Revenue	46.5	6%
Residential Reservation Sales	99.0	10%
Commercial Revenue	4.8	4%
Hotels and Conv. Centers Revenue	1.6	

Figures in PHP B except percentages

Retail – FY

- Food revenue growth and earnings expansion
- Non-Food revenues impacted by lockdown, lifted by Q4
- New channels represents 8% of FY Non-Food sales

SM Retail	Revenue	Chg	NI	Chg
Total Retail	296.8	-19%	4.1	-67%
SM Store	54.7	-52%	-2.7	-206%
Specialty	59.7	-36%	2.5	-62%
Food Group	200.0	7%	5.1	10%

Figures in PHP B except percentages

Retail – Q4

- Q4 seasonal sales growth as expected, but moderated vs. 2019
- Food revenue almost on par with Q4 2019
- Non-Food recovering but not yet at 2019 levels

SM Retail	4Q20 vs 3Q20		4Q20 vs 4Q19	
	Revenue	NI	Revenue	NI
SM Store	103%	-59%	-43%	-177%
Specialty	54%	56%	-27%	-39%
Food Group	19%	-30%	-1%	-15%

Figures in PHP B except percentages

Retail Footprint Expansion

- 351 stores added nationwide
- Alfamart continued to expand, passing its 1,000 store target in Q4
- 83% of new stores outside Metro Manila

SM Retail	GSA (sqm)	Chg	Stores	New
Total Retail	3,079.0	5%	3,019	+351
SM Store	817.0	3%	66	+2
Specialty	635.8	2%	1,550	+62
Food Group	1,626.2	8%	1,403	+287

Figures in '000s except store count

Alfamart

Alfamart

Enjoy this
**SUPER-MINIMART
OFFER**

Get SM Bonus Water 325ml
for only P1 when you buy
Turon w/ Langka.

ONLY
P1

Alfamart

NOW OPEN

1000TH

Store in the Philippines

Alfamart

Packed Fresh

SOLD FROZEN

Garantisadong malinis at ligtas kulin.

1000



- Founded by Djoko Susanto in Indonesia (1999)
- 17,000 stores by the end of 2020
- 32 Distribution Centers
- Revenue of US\$4B (first 9 months of 2020)
- Revenue growth +4.2% vs LY
- First store in the Philippines opened in June 2014



Our CUSTOMERS

Residents of underserved communities
who live far from a supermarket or grocery.



“SUPER-MINIMART”

Alfamart is the community store that makes shopping for their family's everyday needs more convenient.



CORE STRATEGIES

- Complete assortment of basic household items
- Accessibility
- Reasonable pricing



2014	2015	2016	2017	2018	2019
22 stores	99 stores	210 stores	348 stores	526 stores	754 stores
Cavite, Laguna, NCR	Bulacan, Rizal	Batangas		Pampanga, Nueva Ecija	
Opening of 1 st store in Trece Martires, Cavite				Opening of 2 nd DC in Marilao (Bulacan)	Opening of 3 rd DC in Mexico (Pampanga)
Opening of 1 st DC in Imus (Cavite)					

2020 Highlights

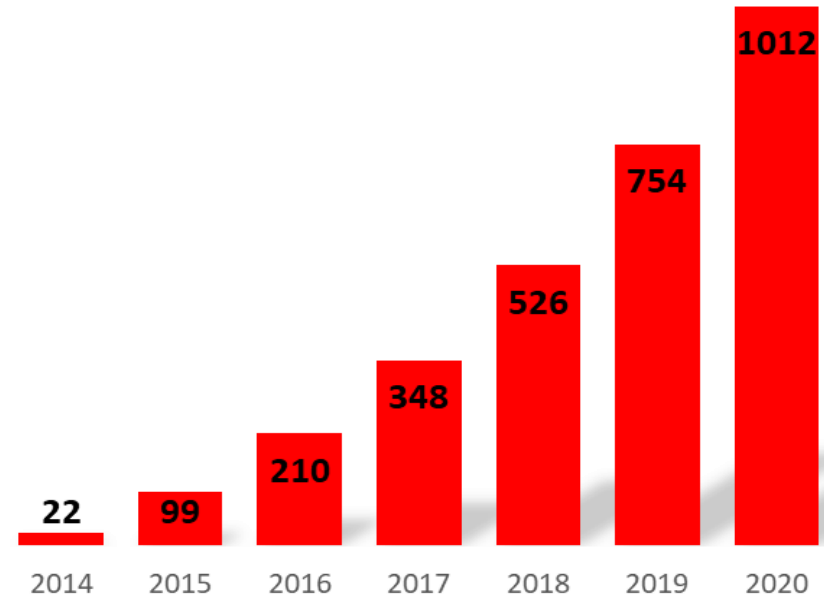
Challenges

- Store closures due to municipal ordinances
- Shorter operating hours (curfew)
- Customers' fear of going out
- Liquor ban
- Decline of non-essentials
- Supply disruption (March to May)

Achievements

- Revenues: +24%
- EBITDA: +39%
- Addition of 258 stores (**1,012** stores by end of 2020)
- Opening of 4th DC (Silang)

2020 Highlights



- Job creation
- Economic opportunities for lessors, contractors and tenants.

Ready for 2021

PHILIPPINES		Q4'19	Q2'20	Q4'20	vs. YA
1	FOOD & BEV AT HOME	16%	18%	18%	▲
2	EDUCATION	12%	14%	11%	▼
3	SAVINGS	9%	10%	10%	▲
4	COMMUNICATION	9%	8%	9%	▶
5	HOUSING	8%	8%	8%	▶
6	MEDICAL	7%	7%	8%	▲
7	ELECTRONICS	5%	6%	6%	▲
8	APPAREL	7%	5%	6%	▼
9	ROUTINE TRANSPORT	5%	5%	5%	▶
10	DINING OUT	6%	5%	5%	▼

- Consumers will continue to prioritize in-home spending over discretionary out-of-home expenses. (b)
- 75% cooked more than once a day (post-ECQ) (b)
- 51% are cooking more often than before ECQ (b)
- 9 out of 10 shoppers with limited mobility prefer to shop in nearby stores (c)

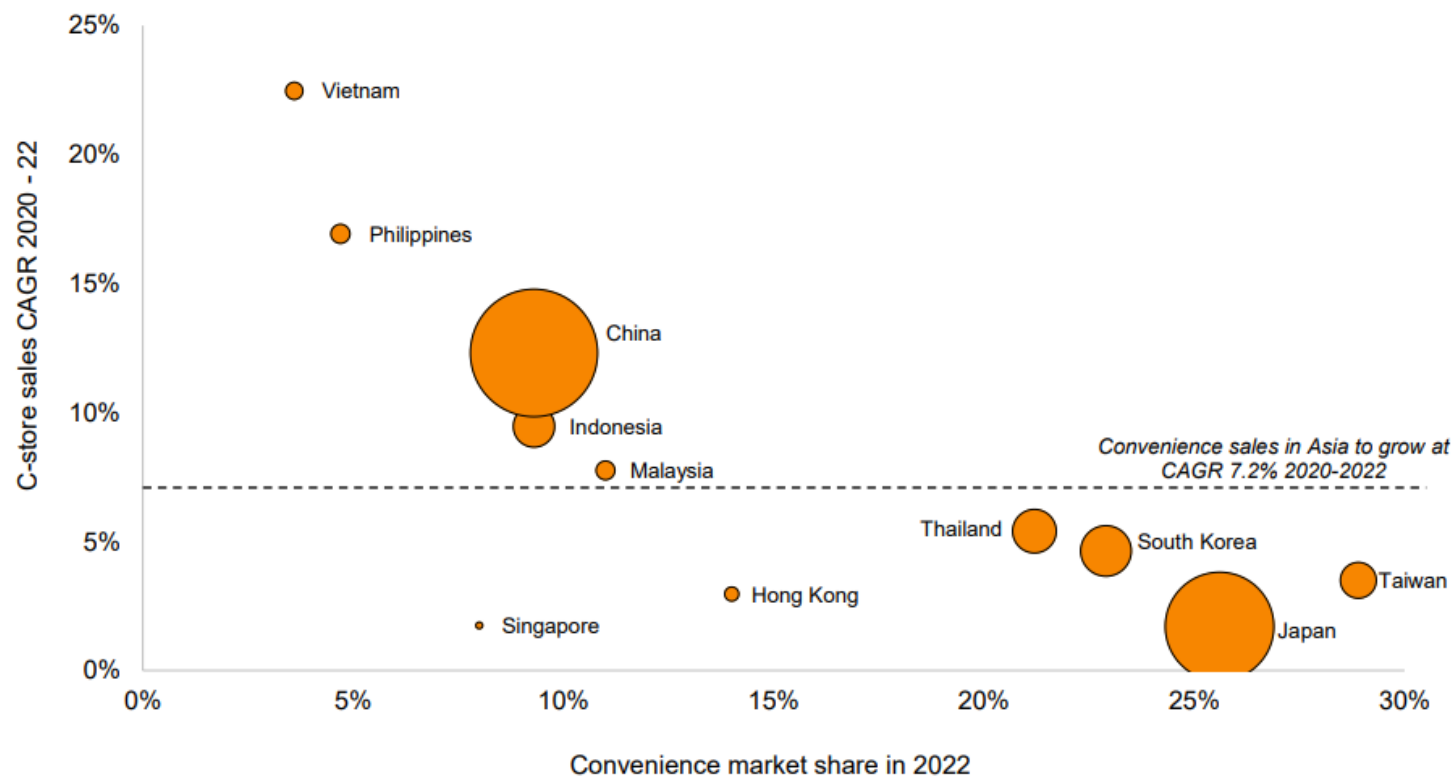
SOURCES:

(a) The Conference Board Global Consumer Confidence Survey conducted in collaboration with Nielsen Q4 2019 vs Q2 2020. % of average monthly budget allocation.

(b) Nielsen Market Pulse FY2020

(c) Kantar Purchase Confidence Study (July 2020)

Convenience in Asia worth US\$328.7bn in 2022



SOURCE: IGD Retail Analysis, December 2020 "The leading convenience markets and retailers in Asia"

FY Results Key Messages

- All business continued to build momentum in Q4
- Banking delivered majority of FY earnings from strong core business performance
- Prudent Bank provisioning taken, sufficient for potential delinquencies
- Property had positive growth in Residential and Commercial, with Malls recovering and supporting tenants
- Retail saw Q4 seasonal revenue growth – on par with Q4 2019 for Food, lower for Non-Food
- All businesses active in support of stakeholders and innovating to address changed customer needs and behaviors
- Strong, conservative balance sheet maintained

Contact Information and Disclaimer

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