

SM Investments nets PHP20BN in 1H while continuing to invest in long-term expansion

Wednesday, Aug 4, 2021

(04 August 2021, Pasay City, Philippines) SM Investments Corporation reported a consolidated net income of PHP20.1 billion in the January to June period, from PHP7.1 billion in the same period last year.

Consolidated revenues rose 4% to PHP193.5 billion in the first half from PHP185.5 billion in the same period last year.

Banking accounted for 58% of SM's reported net earnings from core businesses, followed by property at 28% and retail at 14%. Total assets were at PHP1.3 trillion. Gearing ratio stood at 39% net debt to 61% equity.

"Our businesses continued to perform resiliently, recovering well as conditions allowed. Our banking and residential businesses performed well as we also continued to invest in long term expansion with new stores, bank branches, residential project launches, and investments in malls, as well as taking a majority stake in 2GO in our equity investment portfolio," SM Investments President and Chief Executive Officer Frederic C. DyBuncio said.

In the six months ended June 2021, SM Retail and its affiliates added 159 stores while banks increased their network by 22 branches. SM Development Corporation launched two residential projects, Sands Residences in Manila and Cheerful 2 Residences in Pampanga bringing over 3,900 new units to the market.

"We are hopeful that the recovery momentum continues as we see more Filipinos get vaccinated," Mr. DyBuncio said.

In a strong drive to support national recovery, SM ordered over 500,000 doses of COVID-19 vaccines for its employees and for donation to the National Government. With its commitment to promote safe and healthy communities, SM provides comfortable, convenient, safe, and accessible vaccination venues all over the country. Almost two million COVID-19 vaccine doses were administered in more than 60 malls around the country.

With the acquisition of additional shares in 2GO, SM Investments' stake increased to 52.89% by end June 2021, providing ownership control.

"We are confident of 2GO capturing a leading share in high-value activities in the growing local logistics and distribution sector and are pleased to continue to support its growth," Mr. DyBuncio added.

Retail

SM Retail reported revenues of PHP138.2 billion, slightly lower than PHP139.2 billion in the previous period.

Revenue growth was 17.8% in Non-Food, with online and Call To Deliver accounting for 13.1% of total revenues.

Retail net income was at PHP3.6 billion from PHP522.0 million in the previous period, benefitting from cost reductions implemented in the first quarter across all formats and further efficiencies in the second quarter.

Property

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SM Prime Holdings, Inc reported PHP11.6 billion in consolidated net income in the first six months of 2021, 12% higher from PHP10.4 billion in the first half of 2020. Consolidated revenues were at PHP41.1 billion in the first half of 2021, a 6% decrease from PHP43.7 billion in the first half of 2020.

The reported improvement is due to the continued positive performance of the group's residential business in the first half of 2021 as well as the malls business in the second quarter of the year.

SM Prime's residential business, which accounted for 60% of SM Prime's consolidated revenues and led by SM Development Corp. (SMDC), registered a 3% increase in revenues to PHP24.5 billion in the first six months of 2021 from PHP23.7 billion in the first six months of 2020.

SMDC's net reservation sales grew by 30% in the first half of the year at PHP55.1 billion from PHP42.4 billion in the same period of the previous year.

Accounting for 26% of the consolidated revenues, Philippine malls registered PHP4.8 billion revenues in the second quarter of 2021, a 55% increase from the PHP3.1 billion in the second quarter of 2020. The malls business reported PHP10.7 billion revenues in the first half as compared to PHP14.4 billion in the first six months of 2020 with the reimplementations of the Enhanced Community Quarantine in Metro Manila, Bulacan, Cavite, Laguna, and Rizal from March to May 2021.

SM Prime's other business segments, which include offices and hotels, and convention centers, contributed PHP3.1 billion to the group's consolidated revenues.

Banking

BDO Unibank, Inc. (BDO) delivered PHP21.4 billion in profits in the first six months of 2021 on the back of strong sustainable earnings and normalized provisions.

Customer loans remained flat at PHP2.3 trillion compared to the same period last year. Total deposits grew to PHP2.7 trillion led by the 13% rise in Current Account/Savings Account (CASA) deposits. Net Interest Income amounted to PHP64.4 billion.

Total provisions amounted to PHP6.8 billion as the bank continued to build up its buffer. This was lower than the pre-emptive provisions booked in the first half of 2020 against possible pandemic-induced delinquencies.

China Banking Corporation reported its net income in the first half of 2021 grew by 39% to PHP7.3 billion on the back of strong performance across its core businesses. The 100-year old bank sustained its profitability even as it continued to build up its loan loss provisions, recognizing PHP5.4 billion in pandemic-related credit buffers in the first semester, up 13% year-on-year. Net revenues rose 18% to PHP24.8 billion, reflecting strong growth in net interest income and fee-based income.

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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