



**INVESTMENTS
CORPORATION**

August 9, 2018

PHILIPPINE STOCK EXCHANGE, INC.

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

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.

37th Floor, Tower 1, The Enterprise Center
6766 Ayala Ave., cor. Paseo de Roxas, Makati City

Attention: **Ms. Vina Vanessa S. Salonga**
Head, Issuer Compliance and Disclosure Department

Re: **Press Release - SM Sustains Growth in H1 2018**
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Ladies and Gentlemen:

Please be informed that SM Investments Corporation is releasing to the press the attached statement entitled "SM Sustains Growth in H1 2018."

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Elmer B. Serrano', written over a horizontal line.

ELMER B. SERRANO
Corporate Secretary

Encl. a/s



SM Sustains Growth in H1 2018

(09 August 2018, Pasay City, Philippines) SM Investments Corporation (SM) reported net income grew 9% in the first half of 2018 to PHP18.1 billion from PHP16.6 billion in the same period last year.

Consolidated revenues rose 12% to PHP204.9 billion in the first half from PHP183.2 billion in the same period last year.

“We are encouraged by the results of the first half, driven by the strong performance of retail and property, particularly the residential business. Our results show the strength of the economy and consumer sentiment but we remain vigilant about inflationary pressures. We are optimistic that consumption will remain resilient,” SM President Frederic DyBuncio said.

The property business contributed the most to consolidated net income at 45%. This was followed by banks with 33% and retail with 22%.

Retail

SM Retail reported sustained growth in total sales of 10% to PHP145.0 billion, while net income rose 10% to PHP5.7 billion.

At end-June 2018, SM Retail had a total of 2,149 stores, comprising 61 THE SM STORES, 1,304 specialty stores, 55 SM Supermarkets, 49 SM Hypermarkets, 190 Savemore stores, 49 WalterMart stores and 441 Alfamart stores.

The Food Retail Group continued expansion in both urban and rural communities nationwide, adding nine mid-sized format Savemore stores, three SM Supermarkets and four WalterMart stores. Meanwhile, Alfamart increased its number of stores by 93 in the first half.

THE SM STORE opened two stores in Urdaneta, Pangasinan and Telabastagan, Pampanga. As of the first half, the total gross selling area of all 61 department stores stood at 783,650 square meters.

Revenues from SM Retail’s specialty retail stores grew 17% to PHP37.3 billion, in part driven by expansion and new formats such as Miniso, which had 55 stores at the end of the first half.

Property

SM Prime Holdings reported consolidated net income of PHP16.6 billion in the first half of the year, up 16%. Consolidated revenues increased 15% to PHP49.8 billion from PHP43.3 billion in the same period last year.

Mall revenues which consist of rentals, cinema and event ticket sales and amusement revenues, accounted for 58% of total revenues and rose 12% to PHP28.7 billion in the first half. Mall rental revenues alone grew 13% to PHP24.5 billion from higher same store growth and increasing contribution from newly opened and expanded malls.

In the first half of 2018, SM Prime opened SM Center Imus in Cavite, SM City Urdaneta Central in Pangasinan and SM City Telabastagan in Pampanga, bringing the total Philippine operating malls to 70 and seven malls in China.

SM Prime's residential group, which accounts for 34% of total revenues, recorded a 23% increase in revenue to PHP17.1 billion in the same period. High-rise housing projects in Metro Manila that were launched from 2015 to 2017 continue to drive the revenue growth of this segment. SMDC's reservation sales surged 25% to PHP34.5 billion in the first half.

SM Prime's other business segments led by Hotels and Convention Centers and the Commercial Properties Group posted a 10% increase in revenues to PHP4.1 billion in the first half.

Banking

BDO Unibank, Inc. (BDO) reported its first half net income at PHP13.1 billion. Excluding the impact of Philippine Financial Reporting Standards (PFRS9), which was implemented early this year on the investment portfolio of BDO Life and the ongoing expansion of One Network Bank, net income would have increased by 13%.

Net interest income rose 19% to almost PHP46.0 billion. Customer loans increased 20% to PHP1.9 trillion while total deposits expanded by 17% to PHP2.3 trillion, supported by the 14% hike in low-cost current account and savings account (CASA) deposits.

China Banking Corporation reported net income at PHP3.6 billion for the first half. Recurring income grew 15% to PHP13.3 billion, driven by sustained growth in core businesses.

Net interest revenues grew 20% to PHP11.1 billion year-on-year. Loans grew 18% to PHP469.4 billion year-on-year while deposits rose 18% to PHP653.4 billion.

Chinabank raised PHP10.2 billion through a public offering of Long Term Negotiable Certificates of Time Deposits.

Balance Sheet

As of end-June 2017, total assets of SM grew 8% to PHP985.9 billion. SM maintains a healthy balance sheet with a conservative gearing ratio of 46% net debt to 54% equity.

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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 can capture high growth opportunities in the emerging Philippine economy. It looks for market leaders or those with potential to become leaders in their chosen sectors that offer synergies and attractive returns and cashflows.

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. (BDO), the country's largest bank and China Banking Corporation (China Bank), the 6th largest bank.

For more about SM, click here: www.sminvestments.com

For further inquiries, please contact:

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